



Louisiana Housing Corporation

The following resolution was offered by Board Member Malcolm Young and seconded by Board Member Matthew P. Ritchie:

RESOLUTION

A resolution accepting the parameter term proposal for the purchase of not exceeding Thirty Million Dollars (\$30,000,000) of Louisiana Housing Corporation Single Family Mortgage Revenue Refunding Bonds, Series 2012A in one or more sub-series; fixing the parameter terms of said bonds and otherwise providing with respect to said bonds; approving the form and directing the execution of the Bond Purchase Agreement for said Bonds; and providing for other matters in connection with the foregoing.

WHEREAS, the Board of Directors (the **"Board"**) of the Louisiana Housing Corporation (the **"Corporation"**) on September 12, 2012, adopted a resolution approving and authorizing the issuance of not exceeding Thirty Million Dollars (\$30,000,000) of Louisiana Housing Corporation Single Family Mortgage Revenue Refunding Bonds, Series 2012A in one or more sub-series (the **"Bonds"**) and authorized the publication of a Notice of Intention to Sell at Private Sale (the **"Notice"**) in connection therewith; and

WHEREAS, as set forth in said resolution, the Notice of Sale was published on October 2, 2012, in "The Advocate" and on October 1, 2012 in the "Daily Journal of Commerce" for an amount not to exceed Thirty Million Dollars (\$30,000,000); and

WHEREAS, in accordance with the aforesaid resolution adopted by the Corporation on September 12, 2012, the sale of the Bonds was scheduled for October 10, 2012 pursuant to the provisions of Chapter 3-G of Title 40 of the Louisiana Revised Statutes of 1950, as amended (the **"Act"**) and Chapter 14-A of Title 39 of the Louisiana Revised Statutes of 1950, as amended (the **"Refunding Act"**); and

WHEREAS, the Corporation did meet on October 10, 2012, at 10:00 a.m., Louisiana time, for the purpose of receiving and considering the proposal of JPMorgan Securities, L.L.C., Raymond James | Morgan Keegan, and George K. Baum & Company as purchasers (the **"Underwriters"**) and taking action with respect to the parameter sale of not exceeding Thirty Million Dollars (\$30,000,000) of the Bonds pursuant thereto;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Louisiana Housing Corporation, acting as the governing authority of said Corporation, that:

SECTION 1. The parameter written terms submitted this day by the Underwriters for the purchase of bonds designated “Louisiana Housing Corporation Single Family Mortgage Revenue Refunding Bonds, Series 2012A” in the aggregate principal amount of not exceeding par amount of Thirty Million Dollars (\$30,000,000), in one or more sub-series at an interest rate not exceeding 8% per annum, and for a maturity not exceeding 32 years, authorized under and pursuant to the provisions of a Bond Trust Indenture (the “**Indenture**”), by and between Whitney Bank, a state banking corporation, as trustee (the “**Trustee**”), and the Corporation be, and the same are hereby awarded to the Underwriters in accordance with the terms of the Bond Purchase Agreement referred to in Section 3 hereof. The sale and delivery of the Bonds are further conditioned upon approval by the Louisiana State Bond Commission and compliance with any and all approvals and/or certifications required by the Louisiana Attorney General. The sale of the Bonds in accordance with said Bond Purchase Agreement is hereby authorized and approved. The Chairman, Vice Chairman, Secretary of the Board, and/or Executive Director are hereby authorized and directed, on behalf of and in the name of the Corporation, to execute, deliver, and approve such instruments, documents, and certificates as may be required or necessary, convenient, or appropriate to the financing described herein. The aforesaid officers are additionally authorized to approve any changes in the aforementioned documents provided such changes are in accordance with the Act and with the approval of Counsel to the Corporation or Bond Counsel.

By virtue of the Corporation's application for, acceptance and utilization of the benefits of the Louisiana State Bond Commission's approval resolved and set forth herein, the Corporation resolves that it understands and agrees that such approvals are expressly conditioned upon, and the Corporation further resolves that it understands, agrees, and binds itself, its successors and assigns to, full and continuing compliance with the, "State Bond Commission Policy on Approval of Proposed Swaps, or other forms, or Derivative Products Hedges, Etc.", adopted by the Commission on July 20, 2006, as to borrowings and other matters subject to approvals, including subsequent application and approval under said Policy of the implementation or use of any swaps or other products or enhancements covered thereby.

SECTION 2. Whitney Bank, a state banking corporation, shall be designated as Trustee and Paying Agent with respect to the Bonds.

SECTION 3. In order to accomplish the sale of the Bonds in accordance with the terms of this resolution, either the Chairman or Vice Chairman of the Board and/or the Executive Director, be and they are hereby authorized and directed to execute and deliver, for and on behalf of the Corporation, the Bond Purchase Agreement in substantially the form thereof which is now before this Board and filed with the Secretary of this Board.

SECTION 4. The Bonds will be dated, will be in the denominations and will have all the terms set forth in the Indenture and the Bond Purchase Agreement. The Bonds shall be secured by the Trust Estate as defined in the Indenture, inclusive of mortgage-backed securities transferred (the "**Transferred Securities**") from indentures of prior bonds which are being refunded by the Bonds and shall be subject to redemption in accordance with the Indenture.

SECTION 5. The Costs of Issuance schedule attached hereto as Exhibit "A" is approved.

SECTION 6. The contents of the Official Statement with respect to the Bonds, copies of the form of which have been placed on file with the Corporation, are hereby approved substantially in such form.

SECTION 7. The Chairman, Vice Chairman, Secretary of the Board and/or Executive Director are hereby approved, authorized, and directed to execute and deliver or cause to be executed and delivered all documents required to be executed on behalf of the Corporation and delivered to effect delivery of the Bonds to the Purchaser or deemed by any of them necessary or advisable to implement this resolution, the Indenture or the Bond Purchase Agreement, or to facilitate the sale of the Bonds.

SECTION 8. The Chairman, Vice Chairman, Secretary of the Board and/or Executive Director shall cause to be executed for and on behalf of the Corporation the aforementioned Bonds in accordance with the Indenture, and shall effect the delivery thereof to the Purchaser in accordance with the Bond Purchase Agreement. The Corporation shall receive from the Purchaser for the account of the Corporation the purchase price of the Bonds and shall deposit the same with the Trustee under the Indenture in accordance with the provisions thereof.

SECTION 9. This resolution shall take effect immediately.

This resolution having been submitted to a vote, the vote thereon was as follows:

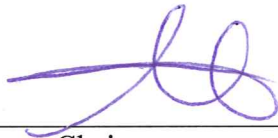
YEAS: Michael L. Airhart, Dr. Daryl V. Burckel, Matthew P.
Ritchie, Willie Spears, Malcolm Young.

NAYS: None

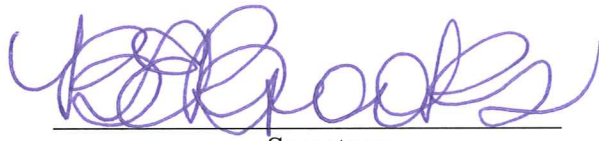
ABSENT: Ellen M. Lee, Mayson H. Foster, Treasurer John N.
Kennedy, Guy T. Williams, Jr.

ABSTAIN: None

And the resolution was declared adopted on this, 10th day of October, 2012.



Chairman



Secretary

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, the undersigned Secretary of the Board of Directors of the Louisiana Housing Corporation (the **"Board"**), do hereby certify that the foregoing five (5) pages constitute a true and correct copy of a resolution adopted by said Board on October 10, 2012, entitled, "A resolution accepting the parameter term proposal for the purchase of not exceeding Thirty Million Dollars (\$30,000,000) of Louisiana Housing Corporation Single Family Mortgage Revenue Refunding Bonds, Series 2012A in one or more sub-series; fixing the parameter terms of said bonds and otherwise providing with respect to said bonds; approving the form and directing the execution of the Bond Purchase Agreement for said Bonds; and providing for other matters in connection with the foregoing."

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of the Agency on this, the 10th day of October, 2012.


Secretary

(SEAL)

Exhibit A

(Not-to-Exceed Costs of Issuance - 2012A)

	2012A Program Bonds		2012B Refunding Bonds		2012AB TOTAL	
	PER BOND	AMOUNT	PER BOND	AMOUNT	PER BOND	AMOUNT
Underwriter's Discount						
Structuring Fee	1.25	25,000.00			0.50	25,000.00
Management Fee			1.25	37,500.00	0.75	37,500.00
Takedown/Selling Fee	-		6.83	205,000.00	4.10	205,000.00
Underwriter's Counsel	-		1.17	35,000.00	0.70	35,000.00
Expenses	0.13	2,500.00	0.75	22,500.00	0.50	25,000.00
SUB-TOTAL	1.38	27,500.00	10.00	300,000.00	6.55	327,500.00
Other Costs of Issuance						
Bond Counsel	0.65	13,000.00	1.14	34,200.00	0.94	47,200.00
Bond Counsel	0.65	13,000.00	1.14	34,200.00	0.94	47,200.00
Expenses	0.05	1,000.00	0.05	1,500.00	0.05	2,500.00
GSE Counsel	0.38	7,500.00	-		0.15	7,500.00
Financial Advisor	2.00	40,000.00	2.00	60,000.00	2.00	100,000.00
Bond Trustee	0.13	2,500.00	0.08	2,500.00	0.10	5,000.00
Annual	0.25	5,000.00	0.25	7,500.00	0.25	12,500.00
Counsel	0.20	4,000.00	0.13	4,000.00	0.16	8,000.00
State Bond Comission	0.54	10,775.00	0.51	15,275.00	0.52	26,050.00
Rating Agency	1.00	20,000.00	1.00	30,000.00	1.00	50,000.00
Official Statement Printing	0.25	5,000.00	0.17	5,000.00	0.20	10,000.00
Cash Flow Verification	0.18	3,500.00	0.12	3,500.00	0.14	7,000.00
LHC Expenses	0.05	1,000.00	0.05	1,500.00	0.05	2,500.00
Publishing/Recording/Advertising	0.50	10,000.00	0.50	15,000.00	0.50	25,000.00
Program Admin./Marketing	0.09	1,825.00	0.13	3,825.00	0.11	5,650.00
Misc.						
SUB-TOTAL	6.91	138,100.00	7.27	218,000.00	7.12	356,100.00
TOTAL TRANSACTION COSTS	8.28	165,600.00	17.27	518,000.00	13.67	683,600.00

* This schedule has been prepared on a not-to-exceed basis. It is expected that the actual amount of Refunding Bonds will be lower than \$30,000,000 and that actual fees will be based upon the actual amount of bonds issued in accordance with applicable agreement/contract stipulations.

In the opinion of Foley & Judell, L.L.P., Bond Counsel, and The Godfrey Firm, PLC, Co-Bond Counsel, interest on the Program Bonds prior to their applicable Release Date (defined below) will be subject to federal income taxation. Bond Counsel and Co-Bond Counsel are further of the opinion that the Program Bonds and the interest thereon are exempt from all State and local taxes in Louisiana. No opinion is expressed with respect to Program Bonds on and after the Release Date applicable to such Program Bonds. See "TAX AND OTHER MATTERS" herein and the proposed form of opinion of Bond Counsel and Co-Bond Counsel attached hereto as "Appendix C".

\$120,000,000
LOUISIANA HOUSING FINANCE AGENCY
GSE Program Single Family Mortgage Revenue Bonds
(Mortgage-Backed Securities Program)

Dated: December 21, 2009
(Interest to accrue from
December 23, 2009)

PRICE: 100.0%

CUSIP NO.: 54627A GR2

Maturity Date: December 1, 2041,
subject to interest rate conversion
as described herein

The Louisiana Housing Finance Agency (the "Issuer") is issuing the \$120,000,000 Louisiana Housing Finance Agency GSE Program Single Family Mortgage Revenue Bonds (Mortgage-Backed Securities Program) (the "Program Bonds"), pursuant to and secured by an Indenture of Trust dated as of December 1, 2009 (the "Trust Indenture"), as amended by a Supplemental Indenture Appendix for Use with Single Family Escrow Bonds for the HFA Initiative New Issue Bond Program attached thereto as Appendix A (the "Appendix," and, together with the Trust Indenture, the "Indenture"), by and between the Issuer and Hancock Bank of Louisiana (the "Trustee"). The Program Bonds will mature on December 1, 2041.

The Program Bonds are registered bonds, without coupons, in denominations of \$10,000 and any integral multiple thereof (the "Authorized Denominations"). The Program Bonds shall initially be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), as one fully registered Bond in the aggregate principal amount of the Program Bonds. On the Release Date of all or a portion of the Program Bonds, the Trustee may either accept a replacement bond certificate with respect to the corresponding Program Bond subject to release or make an appropriate notation thereon of the principal amount of such Program Bond certificate and the Permanent Rate (as defined below) to which such Program Bonds will be converted and the Conversion Date (as hereinafter defined) applicable thereto.

Although the Program Bonds will be dated December 21, 2009, on December 23, 2009 (the "Settlement Date"), the net proceeds of the Program Bonds and, on December 18, 2009, the Shortfall Amount (as hereinafter defined) (collectively, the "Escrowed Proceeds") will be deposited into the GSE Escrow Fund created and established pursuant to the Indenture (the "GSE Escrow Fund"). The Program Bonds are subject to conversion from a Short-Term Rate (as defined below) to a Permanent Rate. Prior to Conversion (as hereinafter defined), the Program Bonds shall constitute Pre-Conversion Bonds. Pre-Conversion Bonds prior to their Release Date (defined below) are secured solely by the Escrowed Proceeds deposited into the GSE Escrow Fund and bear interest at the applicable Short-Term Rate until their Conversion Date, and thereafter, will bear interest at the Permanent Rate. The Escrowed Proceeds are pledged exclusively to the payment of the Pre-Conversion Bonds prior to the Release Date applicable to such Program Bonds.

The Program Bonds will initially be dated December 21, 2009, and will bear interest from the Settlement Date at the applicable Short-Term Rate, payable on (i) the Release Date but only with respect to the portion of Program Bonds with respect to which such Escrowed Proceeds are subject to release on such Release Date, (ii) each Conversion Date with respect to the portion of Pre-Conversion Bonds which are to become, as of such date, Converted Bonds, and (iii) each redemption date.

The Program Bonds are subject to redemption prior to maturity on the terms described herein. See "THE PROGRAM BONDS – Special Redemptions" herein.

"Short-Term Rate" means (i) for the period from the Settlement Date to the applicable Release Date, the interest rate which produces an interest payment on such Release Date relative to the Program Bonds with respect to which Escrowed Proceeds are subject to release on such Release Date equal to Investment Earnings, and (ii) from the Release Date to the Conversion Date, an interest rate equal to the sum of 60 bps (.60%) plus the lesser of (A) the Four Week T-Bill Rate as of the Business Day prior to the Release Date or (B) the Permanent Rate less 60 bps (.60%). "Investment Earnings" means total investment earnings on the portion of the GSE Escrow Fund related to Program Bonds with respect to which a Release Date is occurring.

"Permanent Rate" means 3.28%, plus the Spread.

A "Release Date" is defined under the Indenture as the date or dates (not to exceed three (3) dates) on or prior to December 31, 2010 on which dates the proceeds of the related Market Bonds (as hereinafter defined) are delivered to the Trustee and other requirements under the Indenture are satisfied. See "THE PROGRAM BONDS - Release and Conversion" herein. On each related Release Date with respect Program Bonds undergoing Conversion, the proceeds of such Program Bonds undergoing Conversion and a portion of the Shortfall Amount will be transferred by the Trustee from the GSE Escrow Fund and deposited into the Acquisition Account of the Program Fund created and established by the Indenture. Program Bond proceeds deposited to the Acquisition Fund will be used to acquire fully modified mortgage-backed securities of Fannie Mae, Freddie Mac and/or GNMA backed by First Mortgage Loans (as hereinafter defined) made by lending institutions to qualified persons or families of low or moderate income to finance the purchase of single-family residences for use as the primary residence of such persons in the State of Louisiana. **No such fully modified mortgage-backed securities of Fannie Mae, Freddie Mac and/or GNMA will be purchased prior to each related Release Date described herein.**

The Program Bonds are subject to optional redemption and mandatory redemption prior to their maturity as described under the caption "THE PROGRAM BONDS - "Special Redemptions," "Redemption Restrictions and Recycling Prohibition" and "Redemption of Program Bonds After the Release Date" herein.

ON AND BEFORE EACH RELATED RELEASE DATE, THE PRE-CONVERSION BONDS THAT HAVE NOT BEEN THE SUBJECT OF A RELEASE DATE WILL BE SECURED SOLELY BY THE ESCROWED PROCEEDS ON DEPOSIT IN THE GSE ESCROW FUND. AS OF A RELEASE DATE, THE PROGRAM BONDS THAT HAVE BEEN THE SUBJECT OF A RELEASE DATE, ALONG WITH THE MARKET BONDS, WILL BE SECURED SOLELY BY THE TRUST ESTATE UNDER THE INDENTURE, OTHER THAN THE ESCROWED PROCEEDS REMAINING ON DEPOSIT IN THE GSE ESCROW FUND. THE PROGRAM BONDS DO NOT CONSTITUTE AN OBLIGATION, EITHER GENERAL OR SPECIAL, OF THE STATE, ANY MUNICIPALITY OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE. SEE "THE BONDS – LIMITED OBLIGATIONS" AND "SECURITY FOR THE BONDS – GENERAL" HEREIN.

In the opinion of Foley & Judell, L.L.P., Bond Counsel, and The Godfrey Firm, PLC, Co-Bond Counsel, interest on the Program Bonds prior to their applicable Release Date (defined herein) will be subject to the Louisiana Housing Finance Agency GSE Program Single Family Mortgage Revenue Bonds (Mortgage-Backed Securities Program) and the interest thereon are exempt from all State and local taxes in Louisiana. No opinion is expressed with respect to Program Bonds on and after the Release Date applicable to such Program Bonds. See "TAX AND OTHER MATTERS" herein and the proposed form of opinion of Bond Counsel and Co-Bond Counsel attached hereto as "Appendix C".

\$120,000,000
LOUISIANA HOUSING FINANCE AGENCY
GSE Program Single Family Mortgage Revenue Bonds
(Mortgage-Backed Securities Program)

Dated: December 21, 2009
(Interest to accrue from
December 23, 2009)

PRICE: 100.0%

CUSIP NO.: 54637A GR2

Maturity Date: December 1, 2041,
subject to interest rate conversion
as described herein

The Louisiana Housing Finance Agency (the "Issuer") is issuing the \$120,000,000 Louisiana Housing Finance Agency GSE Program Single Family Mortgage Revenue Bonds (Mortgage-Backed Securities Program) (the "Program Bonds"), pursuant to and secured by an Indenture of Trust dated as of December 1, 2009 (the "Trust Indenture"), as amended by a Supplemental Indenture Appendix for Use with Single Family Escrow Bonds for the HFA Initiative New Issue Bond Program attached thereto as Appendix A (the "Appendix"), and, together with the Trust Indenture, the "Indenture", by and between the Issuer and Hancock Bank of Louisiana (the "Trustee"). The Program Bonds will mature on December 1, 2041.

The Program Bonds are registered bonds, without coupons, in denominations of \$10,000 and any integral multiple thereof (the "Authorized Denominations"). The Program Bonds shall initially be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), as one fully registered Bond in the aggregate principal amount of the Program Bonds. On the Release Date of all or a portion of the Program Bonds, the Trustee may either accept a replacement bond certificate with respect to the corresponding Program Bond subject to release or make an appropriate notation thereon of the principal amount of such Program Bond certificate and the Permanent Rate (as defined below) to which such Program Bonds will be converted and the Conversion Date (as hereinafter defined) applicable thereto.

Although the Program Bonds will be dated December 21, 2009, on December 23, 2009 (the "Settlement Date"), the net proceeds of the Program Bonds and, on December 18, 2009, the Shortfall Amount (as hereinafter defined) (collectively, the "Escrowed Proceeds") will be deposited into the GSE Escrow Fund created and established pursuant to the Indenture (the "GSE Escrow Fund"). The Program Bonds are subject to conversion from a Short-Term Rate (as defined below) to a Permanent Rate. Prior to Conversion (as hereinafter defined), the Program Bonds shall constitute Pre-Conversion Bonds. Pre-Conversion Bonds prior to their Release Date (defined below) are secured solely by the Escrowed Proceeds deposited into the GSE Escrow Fund and bear interest at the applicable Short-Term Rate until their Conversion Date, and thereafter, will bear interest at the Permanent Rate. The Escrowed Proceeds are pledged exclusively to the payment of the Pre-Conversion Bonds prior to the Release Date applicable to such Program Bonds.

The Program Bonds will initially be dated December 21, 2009, and will bear interest from the Settlement Date at the applicable Short-Term Rate, payable on (i) the Release Date but only with respect to the portion of Program Bonds with respect to which such Escrowed Proceeds are subject to release on such Release Date, (ii) each Conversion Date with respect to the portion of Pre-Conversion Bonds which are to become, as of such date, Converted Bonds, and (iii) each redemption date.

The Program Bonds are subject to redemption prior to maturity on the terms described herein. See "THE PROGRAM BONDS – Special Redemptions" herein.

"Short-Term Rate" means (i) for the period from the Settlement Date to the applicable Release Date, the interest rate which produces an interest payment on such Release Date equal to the Principal Amount of the Program Bonds with respect to which Escrowed Proceeds are subject to release on such Release Date to Investment Earnings, and (ii) from the Release Date to the Conversion Date, an interest rate equal to the sum of 60 bps (60%) plus the lesser of (A) the Four Week T-Bill Rate as of the Business Day prior to the Release Date or (B) the Permanent Rate less 60 bps (60%). "Investment Earnings" means total investment earnings on the portion of the GSE Escrow Fund related to Program Bonds with respect to which a Release Date is occurring.

"Permanent Rate" means 3.28%, plus the Spread.

A "Release Date" is defined under the Indenture as the date or dates (not to exceed three (3) dates) on or prior to December 31, 2010 on which dates the proceeds of the related Market Bonds (as hereinafter defined) are delivered to the Trustee and other requirements under the Indenture are satisfied. See "THE PROGRAM BONDS – Release and Conversion" herein. On each related Release Date with respect to Program Bonds undergoing Conversion, the proceeds of such Program Bonds undergoing Conversion and a portion of the Shortfall Amount will be transferred by the Trustee from the GSE Escrow Fund and deposited into the Acquisition Account of the Program Fund created and established by the Indenture. Program Bond proceeds deposited to the Acquisition Fund will be used to acquire fully modified mortgage-backed securities of Fannie Mae, Freddie Mac and/or GNMA backed by First Mortgage Loans (as hereinafter defined) made by lending institutions to qualified persons or families of low or moderate income to finance the purchase of single-family residences for use as the primary residence of such persons in the State of Louisiana. No such fully modified mortgage-backed securities of Fannie Mae, Freddie Mac and/or GNMA will be purchased prior to such related Release Date described herein.

The Program Bonds are subject to optional redemption and mandatory redemption prior to their maturity as described under the caption "THE PROGRAM BONDS – Special Redemptions," "Redemption Restrictions and Recycling Prohibition" and "Redemption of Program Bonds After the Release Date" herein.

ON AND BEFORE EACH RELATED RELEASE DATE, THE PRE-CONVERSION BONDS THAT HAVE NOT BEEN THE SUBJECT OF A RELEASE DATE WILL BE SECURED SOLELY BY THE ESCROWED PROCEEDS ON DEPOSIT IN THE GSE ESCROW FUND. AS OF A RELEASE DATE, THE PROGRAM BONDS THAT HAVE BEEN THE SUBJECT OF A RELEASE DATE, ALONG WITH THE MARKET BONDS, WILL BE SECURED SOLELY BY THE TRUST ESTATE UNDER THE INDENTURE, OTHER THAN THE ESCROWED PROCEEDS REMAINING ON DEPOSIT IN THE GSE ESCROW FUND. THE PROGRAM BONDS DO NOT CONSTITUTE AN OBLIGATION, EITHER GENERAL OR SPECIAL, OF THE STATE, ANY MUNICIPALITY OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE. SEE "THE BONDS – LIMITED OBLIGATIONS" AND "SECURITY FOR THE BONDS – GENERAL" HEREIN.

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THIS OFFICIAL STATEMENT CONTAINS INFORMATION RELATING TO THE PROGRAM BONDS PRIOR TO CONVERSION. PROSPECTIVE INVESTORS SHOULD NOT RELY ON THE INFORMATION IN THIS OFFICIAL STATEMENT WITH RESPECT TO THE TERMS OR CONDITIONS OF THE PROGRAM BONDS ON AND AFTER THEIR APPLICABLE CONVERSION DATE. DISCLOSURE WITH RESPECT TO THE PROGRAM BONDS UPON EACH APPLICABLE RELEASE DATE WILL BE PROVIDED IN A SUPPLEMENT TO THIS OFFICIAL STATEMENT TO BE DISTRIBUTED IN CONJUNCTION WITH EACH SUCH RELEASE DATE.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. THIS COVER PAGE IS NOT INTENDED TO BE A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Program Bonds are to be issued subject to the approving opinion of Foley & Judell, L.L.P., New Orleans, Louisiana, Bond Counsel, and The Godfrey Firm, PLC, New Orleans, Louisiana, Co-Bond Counsel, and certain other conditions. The Issuer's Special Advisor is Morgan Keegan & Company, Inc. Certain legal matters will be passed upon for the Issuer's Special Advisor by Bruneau, Sachse & Wilcox, L.L.P. and the Law Offices of Bernard L. Charbonnet, Jr., New Orleans, Louisiana. It is expected that the Program Bonds will be available for delivery in book-entry only form to DTC in New York, New York, on or about December 21, 2009, against payment therefor, on the Settlement Date.

The date of this Official Statement is December 9, 2009.

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The information set forth herein has been obtained from the Issuer and other sources which are believed to be reliable. The Issuer, the Special Advisor and Counsel to the Special Advisor have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but neither the Special Advisor nor the Counsel to the Special Advisor guarantees the accuracy or completeness of such information. The information regarding DTC and DTC's book-entry system has been obtained from DTC, but is not guaranteed as to accuracy or completeness by the Issuer or the Special Advisor. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or DTC since the date hereof. This Official Statement does not constitute a contract between the Issuer or the Special Advisor and any one or more of the purchasers or registered owners of the Program Bonds.

All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Program Bonds are qualified in their entirety by reference to the form thereof included in the Indenture and the provisions with respect thereto included in the aforesaid documents and agreements.

THE PROGRAM BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTION 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE PROGRAM BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE SECURITIES HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE JURISDICTIONS NOR ANY OF THEIR AGENCIES HAVE GUARANTEED OR PASSED UPON THE MERITS OR SAFETY OF THE PROGRAM BONDS AS AN INVESTMENT, UPON THE PROBABILITY OF ANY EARNINGS THEREON OR UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

FORWARD LOOKING STATEMENTS

This Official Statement contains statements which should be considered "forward-looking statements," meaning they refer to possible future events or conditions. Such statements are generally identifiable by the words such as "plan," "expect," "estimate," "budget," "project" or similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Issuer does not expect or intend to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based, occur or fail to occur.

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APPENDICES

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APPENDIX B - Summary of Certain Provisions of the Trust Indenture
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OFFICIAL STATEMENT

\$120,000,000
LOUISIANA HOUSING FINANCE AGENCY
GSE Program Single Family Mortgage Revenue Bonds
(Mortgage-Backed Securities Program)

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the Appendices hereto, is to set forth certain information in connection with the sale, issuance and delivery by the Louisiana Housing Finance Agency (the "Issuer") of its GSE Program Single Family Mortgage Revenue Bonds (Mortgage-Backed Securities Program) in an aggregate principal amount of \$120,000,000 (the "Program Bonds").

The Program Bonds are issued pursuant to the provisions of the Act and the Indenture of Trust dated as of December 1, 2009 (the "Trust Indenture"), as amended by a Supplemental Indenture Appendix for Use with Single Family Escrow Bonds for the HFA Initiative New Issue Bond Program attached thereto as Appendix A (the "Appendix," and together with the Trust Indenture, the "Indenture"), by and between the Issuer and Hancock Bank of Louisiana, as trustee (the "Trustee").

On December 23, 2009 (the "Settlement Date"), the net proceeds of the Program Bonds and, on December 18, 2009, the Shortfall Amount (as hereinafter defined) (collectively, the "Escrowed Proceeds") will be deposited into the GSE Escrow Fund created and established pursuant to the Indenture and held on behalf of the Owners of the Program Bonds by the Trustee. The Program Bonds are subject to conversion from a Short-Term Rate (defined below) to a Permanent Rate (defined below). The Indenture prescribes requirements (the "Conversion Requirements") for Program Bonds to be converted to a Permanent Rate (the "Converted Bonds"). Prior to Program Bonds being converted to a Permanent Rate, such Program Bonds are herein described as "Pre-Conversion Bonds."

The Escrowed Proceeds are pledged exclusively to the payment of the Pre-Conversion Bonds that have not been the subject of a Release Date. The Issuer is required under the Indenture to issue bonds (the "Market Bonds") not later than December 31, 2010 in an amount necessary to permit net proceeds of the Market Bonds to be in an amount not less than two-thirds (2/3) of the applicable amount of the Program Bonds in order to cause the release and transfer of the Escrowed Proceeds with respect to Pre-Conversion Bonds that are being Converted from the GSE Escrow Fund to the Acquisition Account of the Program Fund. Neither Market Bonds nor Program Bonds that have been subject to a Release Date have a lien on or security interest in the Escrowed Proceeds deposited into the GSE Escrow Fund. On or before each Release Date, an Official Statement describing the details of the Market Bonds and a Supplemental Official Statement describing the details of the Program Bonds being released from the GSE Escrow Fund on such Release Date will be made available to purchasers of Market Bonds and to the owner of the Program Bonds.

"Short-Term Rate" means (i) for the period from the Settlement Date to the applicable Release Date, the interest rate which produces an interest payment on such Release Date relative to the Program Bonds with respect to which Escrowed Proceeds are subject to release on such Release Date equal to Investment Earnings, and (ii) from the Release Date to the Conversion Date, an interest rate equal to the sum of 60 bps (.60%), plus the lesser of (A) the Four Week T-Bill Rate as of the Business Day prior to the Release Date or (B) the Permanent Rate less 60 bps (.60%). "Investment Earnings" means total investment earnings on the portion of the Escrow Fund related to Program Bonds with respect to which a Release Date is occurring.

"Permanent Rate" means 3.28%, plus the Spread.

A "Release Date" is defined under the Indenture as the date or dates (not to exceed three (3) dates) on or prior to December 31, 2010 on which dates the proceeds of the related Market Bonds are delivered to the Trustee and other requirements under the Indenture are satisfied. See "THE PROGRAM BONDS - Release and Conversion" herein. On each related Release Date with respect to Program Bonds undergoing Conversion, the proceeds of such Program Bonds undergoing Conversion, together with a portion of the Shortfall Amount, will be transferred by the Trustee from the GSE Escrow Fund and deposited into the Acquisition Account of the Program Fund created and established by the Indenture. Program Bond proceeds deposited to the Acquisition Fund will be used to acquire fully modified mortgage-backed securities of Fannie Mae, Freddie Mac and/or GNMA backed by First Mortgage Loans (as hereinafter defined) made by lending institutions to qualified persons or families of low or moderate income to finance the purchase of single-family residences for use as the primary residence of such persons in the State of Louisiana.

On each related Release Date, the Program Bonds undergoing Conversion, Converted Bonds and the Market Bonds are secured on a *pari passu* basis by the Trust Estate.

Proceeds Available to Purchase of Guaranteed Mortgage Securities.

The Escrowed Proceeds will initially be deposited into the GSE Escrow Fund created and established pursuant to the provisions of the Indenture, and held by the Trustee on behalf of and solely for the benefit of the owners of the Pre-Conversion Bonds that are not undergoing Conversion.

On each related Release Date, all or a portion of the proceeds of the Pre-Conversion Bonds undergoing Conversion and a portion of the Shortfall Amount will be released from the GSE Escrow Fund and will be deposited to the Acquisition Account of the Program Fund to be used to purchase or to reimburse the Issuer for the prior purchase of GNMA Certificates, Fannie Mae Certificates and/or FHLMC Certificates, in each case backed by pools of qualifying mortgage loans (the "First Mortgage Loans") made by the Lenders to qualified persons or families of low or moderate income to finance the purchase of single-family residences for use as the primary residence of such persons in the State of Louisiana (the "State"). The GNMA Certificates will be backed by pools of mortgage loans which must be FHA Insured, VA Guaranteed or RD Guaranteed. The Fannie Mae Certificates and the FHLMC Certificates will be backed by pools of mortgage loans which must be FHA Insured, VA Guaranteed or Conventional Mortgage Loans. No GNMA Certificates, Fannie Mae Certificates and/or

FHLMC Certificates will be purchased with proceeds of the Program Bonds until amounts on deposit in the GSE Escrow Fund are released on the Release Date as described herein. Investment Earnings from the investment of the money in the Escrow Fund in Permitted Escrow Investments will be used to pay interest on the Program Bonds released on the applicable Release Date.

This Official Statement contains information relating to the Program Bonds prior to Conversion. Prospective investors should not rely on the information in this Official Statement with respect to the terms or conditions of the Program Bonds on and after their applicable Conversion Date. Disclosure with respect to the Program Bonds upon each related Release Date will be provided in a Supplement to the Official Statement to be distributed in conjunction with each such Release Date.

Certain capitalized terms used and not defined elsewhere in this Official Statement are defined hereinafter in Appendix A. For the purposes of this Official Statement, capitalized terms used but not defined in this Official Statement shall have the meanings ascribed thereto in the Indenture.

THE ISSUER

The Issuer was created and organized pursuant to and in accordance with the provisions of the Constitution and laws of the State, particularly Chapter 3-A of Title 40 of the Louisiana Revised Statutes of 1950, as amended (R.S. 40:600.1 through R.S. 40:600.24) (the "Act"). The Issuer is empowered by the Act to finance mortgage loans with respect to residential real property for low and moderate income families and to issue revenue bonds which provide financing for such mortgage loans.

In accordance with the Act, the powers of the Issuer are vested in fifteen (15) commissioners, two (2) of whom are ex-officio commissioners, eleven (11) of whom are appointed by the Governor of the State, one (1) of whom is appointed by the President of the State Senate and one of whom is appointed by the Speaker of the State House of Representatives. Of the gubernatorial appointments, eight (8) must be from statutorily designated industrial and commercial fields, while three (3) are from the general public. Each appointment by the Governor must be submitted to the State Senate for confirmation and resubmitted for confirmation by the State Senate every two years. The Chairman and Vice Chairman are selected by the Issuer from among its members. The Issuer is authorized to elect or appoint a president to act as chief executive officer, a vice president who acts as assistant chief executive officer and a secretary, who may be the same person as the president or vice president, and to employ technical experts and other officers, agents and employees, permanent and temporary, and to determine their qualifications, duties and compensation. The Issuer is charged with the responsibility of establishing policy for housing finance for all units, divisions, agencies, public corporations, and instrumentalities of the State involved directly or indirectly in financing single family or multifamily housing. The Issuer is not a budget unit of the State, although the Issuer may receive State appropriations at any time deemed advisable by the State Legislature. The Issuer has no taxing power.

The following individuals are the Issuer's current commissioners:

Name	Position	Occupation
Wayne E. Woods ⁽¹⁾	Chairman	Attorney at Law New Orleans, Louisiana
Allison A. Jones	Vice Chairman	Attorney at Law Shreveport, Louisiana
John N. Kennedy	Ex-Officio Commissioner	State Treasurer Baton Rouge, Louisiana
Susan W. Sonnier	Ex-Officio Commissioner	Deputy Secretary, Department of Social Services Baton Rouge, Louisiana
Michael Airhart	Commissioner	President, Louisiana Mortgage Lenders, LLC Baton Rouge, Louisiana
Katie Anderson	Commissioner	Executive Director, DeRidder Housing Authority DeRidder, Louisiana
Jerome S. Boykin, Sr.	Commissioner	Businessman Houma, Louisiana
Mayson Foster	Commissioner	Mayor, City of Hammond Hammond, Louisiana
Walter Guillory	Commissioner	Lafayette Housing Authority, Executive Director Lafayette, Louisiana
J. Mark Madderra	Commissioner	Mortgage Banker Metairie, Louisiana
Neal Miller	Commissioner	Business Agent Baton Rouge, Louisiana
Joey M. Scontrino, III	Commissioner	Landcraft, Inc. LaPlace, Louisiana
Guy T. Williams	Commissioner	President and Chief Executive Officer, Gulf Coast Bank New Orleans, Louisiana
Tyrone Wilson	Commissioner	Realtor New Orleans, Louisiana
Elsenia Young	Commissioner	Realtor Baton Rouge, Louisiana

(1) On December 3, 2009, the Speaker of the State House of Representatives, who appointed Mr. Woods to the Board of Commissioners, rescinded such appointment effective immediately. It is expected that the Speaker of the State House of Representatives will appoint a replacement in the near future. Accordingly, there is now one (1) vacancy on the Board of Commissioners.

Milton J. Bailey has served as President of the Issuer since August 9, 2006. Mr. Bailey served as Executive Director of the District of Columbia Housing Finance Agency (the "HFA"), from August, 2001, until January, 2006. Mr. Bailey previously served as the HFA's Executive Director from February, 1994, until May, 2000. Mr. Bailey served as Director of the District of Columbia Department of Housing and Community Development from June, 2000 until August, 2001, and as Deputy Director for the District of Columbia Department of Housing and

Community Development from 1993 through 1994. Between 1991 and 1993, Mr. Bailey was an Associate Vice President for Public Finance with the investment banking firm of Legg Mason Wood Walker, Incorporated. Between 1982 and 1991, Mr. Bailey established and managed the District of Columbia's Public and Private Activity Revenue Bond Program. Mr. Bailey was born in Karlsruhe, Germany and attended schools in Baghdad, Iraq; Tehran, Iran; and Bangkok, Thailand. He completed his undergraduate work at Boston University in 1976 and Harvard University's John F. Kennedy School of Government Senior Executives in State and Local Government Program as a Fannie Mae Fellow in 1996.

Alesia Wilkins-Braxton has served as Vice-President of the Issuer since June 1, 2009. Prior to accepting this position, Mrs. Wilkins-Braxton served as General Counsel to the Louisiana Recovery Authority. In this role, Mrs. Wilkins-Braxton provided legal counsel to the Louisiana Recovery Authority Board of Directors on a wide array of disaster recovery issues. She also served as Deputy Secretary of the Louisiana Department of Labor, where she developed strategic plans and operational budgets and oversaw the State's unemployment compensation, workers compensation, and workforce training programs. Mrs. Wilkins-Braxton was raised in Louisiana and received her undergraduate degree in Economics from Southern University. In 1994, she was awarded her Juris Doctorate from Southern University Law Center and earned a Master's Degree in Public Administration from Louisiana State University in 2003.

Information Concerning Prior Programs of Issuer

Since 1995, the Issuer has offered Low Rate Program Loans, Assisted Program Loans and/or HOME-Assisted Program Loans (as defined in the Master Indenture) in connection with prior program installments, the most recent thirty (30) of which were funded with proceeds of the Outstanding Senior Parity Bonds (as defined in the Master Indenture) issued under the Master Indenture (as hereinafter defined).

Certain information, as of November 1, 2009, concerning such prior program installments of the Issuer is set forth below:

Program Installments Funded with Proceeds of Bonds Issued Under Prior Bond Trust Indentures

Series of Bonds	Proceeds Available to Purchase Certificates	Amounts Expended for Purchase of Certificates	Program Loan Type	Original Interest Rates
1995C	\$39,725,000	\$39,627,000 (99.8%)	Low Rate Assisted	6.25% 7.25%
1996B	\$36,180,000	\$36,060,280 (99.9%)	HOME-Assisted Low Rate Assisted	5.75% 6.75% 7.75%
1996D	\$36,800,000	\$35,434,192 (96.3%)	HOME-Assisted Low Rate Assisted	5.75% 6.75% 7.75%
1997A	\$34,340,000	\$32,179,687 (97.1%)	HOME-Assisted Low Rate Assisted	5.50% 6.50% 7.50%

1997B	\$46,195,000	\$45,872,187 (99.39%)	HOME-Assisted Low Rate Assisted	5.20% 6.20% 7.20%
1997C	\$46,995,000	\$46,104,753 (98.10%)	HOME-Assisted Low Rate Assisted	5.25% 6.35% 7.25%

Program Installments Funded with Proceeds of Bonds Issued Under the Master Indenture

Series of Bonds	Proceeds Available to Purchase Certificates	Amounts Expended for Purchase of Certificates	Program Loan Type	Original Interest Rates
1998A	\$63,550,000	\$63,527,349 (99.96%)	HOME-Assisted Low Rate Assisted	5.15% 6.15% 7.15%
1998B	\$74,413,000	\$74,358,403 (99.93%)	HOME-Assisted Low Rate Assisted	4.95% 5.95% 6.70%
1999A	\$45,715,000	\$45,521,127 (99.58%)	HOME-Assisted Low Rate Assisted	4.80% 5.80% 6.80%
1999B	\$55,715,000	\$55,487,553 (99.59%)	HOME-Assisted Low Rate Assisted	5.15% 6.15% 7.15%
1999D	\$44,150,000	\$44,150,000 (100.0%)	HOME-Assisted Low Rate Assisted	5.65% 6.65% 7.65%
2000A	\$45,717,000	\$45,480,892 (99.48%)	HOME-Assisted Low Rate Assisted	6.00% 7.00% 8.00%
1999C/2000B	\$57,165,000	\$54,156,590 (94.71%)	HOME-Assisted Low Rate Assisted	6.10% 6.90% 8.10%
2000D	\$30,764,000	\$27,280,785 (88.6%)	HOME-Assisted Low Rate Assisted	5.75% 6.75% 7.75%
2001A	\$45,500,000	\$41,805,949 (91.8%)	HOME-Assisted Low Rate Assisted	5.25% 6.10% 6.95%
2001B	\$30,432,000	\$29,154,601 (96.0%)	HOME-Assisted Low Rate Assisted	5.09% 6.09% 7.09%
2001D	\$30,500,000	\$30,040,128 (98.5%)	HOME-Assisted Low Rate Assisted	5.05% 5.90% 7.00%
2002	\$30,792,000	\$25,668,738 (83.36%)	HOME-Assisted Low Rate Assisted	4.99% 5.99% 6.99%
2002A	\$50,000,000	\$39,770,000 (79.54%)	HOME-Assisted Low Rate Assisted	5.00% 6.30% 6.98%
2002B	\$25,000,000	\$22,998,283 (91.99%)	Low Rate Assisted	5.65% 6.25%

2003A	\$35,000,000	\$34,800,977 (99.43%)	HOME-Assisted Low Rate Assisted	3.95% 5.35% 5.90%
2003B	\$20,000,000	\$18,936,793 (94.68%)	HOME-Assisted Low Rate Assisted	4.11% 5.21% 5.81%
2004A	\$20,000,000	\$19,489,845 (97.45%)	HOME-Assisted Assisted	4.65% 5.55%
2004B	\$20,000,000	\$19,035,000 (95.18%)	HOME-Assisted Teacher Assisted Assisted	4.79% 6.04% 6.79%
2004C	\$20,000,000	\$17,837,236 (89.37%)	HOME-Assisted Teacher Assisted Assisted	4.35% 5.69% 5.55%
2005A	\$30,000,000	\$24,785,000 (82.62%)	HOME-Assisted Teacher Assisted Assisted Low Rate Assisted	4.50% 4.90% 6.15% 5.50% 5.95%
2006A	\$36,000,000	\$35,855,381 (99.59%)	HOME-Assisted Teacher Assisted Assisted Low Rate Police Assisted Low Rate	3.85% 5.10% 5.35% 4.85% 5.35% 5.35%
2006B	\$50,000,000	\$45,000,000 (90.0%)	HOME-Assisted Teacher Assisted Assisted Low Rate Supplemental Assisted	4.56% 5.91% 5.99% 5.56% 6.14%
2006C	\$50,000,000	\$50,000,000 (100.0%)	HOME-Assisted Teacher Assisted Assisted Low Rate	4.55% 5.70% 5.98% 5.55%
2006D	\$100,000,000	\$99,910,000 (99.91%)	HOME-Assisted Teacher Assisted Assisted Low Rate Taxable	4.50% 5.65% 5.80% 5.50% 5.55%
2007A	\$100,000,000	\$100,000,000 (100.0%)	HOME-Assisted Teacher Assisted Assisted Low Rate	4.50% 5.75% 5.99% 5.60%
2007B	\$100,000,000	\$100,000,000 (100.0%)	HOME-Assisted Teacher Assisted Assisted Low Rate	4.84% 6.09% 6.34% 5.84%
2007C	\$100,000,000	\$100,000,000 (100.0%)	HOME-Assisted Teacher Assisted Assisted Low Rate	4.85% 6.25% 6.50% 5.95%
2008A	\$45,000,000	\$45,000,000 (100.0%)	HOME-Assisted CDBG-Assisted Assisted Low Rate	5.00% 4.95% 6.625% 6.05%
2008B	\$30,000,000	\$25,400,000 (84.6%)	HOME-Assisted CDBG-Assisted Assisted	5.49% 5.44% 6.99%

2009A ⁽¹⁾	\$25,000,000	\$24,215,838 (96.8%)	HOME-Assisted CDBG-Assisted Assisted Low Rate	4.10% 4.11% 4.10% 5.60%
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⁽¹⁾ The Originals Period commenced on September 15, 2009, and ends on July 15, 2010. It is expected that all proceeds of the Series 2009A Bonds will be expended for the purchase of certificates.

CONTINUING DISCLOSURE

The Issuer will enter into a Continuing Disclosure Agreement with the Trustee (the "Continuing Disclosure Agreement") for the benefit of the owners, including beneficial owners, of the Program Bonds to provide certain financial information and operating data relating to the Issuer to certain financial information repositories annually and to provide notice to the Electronic Municipal Market Access system operated by the Municipal Securities Rulemaking Board, and a state information depository, if any, of certain events, pursuant to the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240, § 240.15c2-12) (the "Rule") not later than one-hundred eighty (180) days after the end of the Issuer's fiscal year, commencing with a report following the Issuer's fiscal year ending June 30, 2010. See "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE CONTINUING DISCLOSURE AGREEMENT." A failure by the Issuer to comply with the Continuing Disclosure Agreement will not constitute an Event of Default under the Indenture (although Bondholders will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the terms of the Continuing Disclosure Agreement and must be considered by a broker-dealer or municipal securities dealer before recommending the purchase or sale of the Program Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Program Bonds and their market price.

THE TRUSTEE

The Issuer has appointed Hancock Bank of Louisiana as trustee bank under the Indenture. Hancock Bank of Louisiana is a banking corporation organized and existing under the laws of the State of Louisiana, with its principal corporate trust office located in Baton Rouge, Louisiana.

THE PROGRAM BONDS

The following terms shall have the following meanings in this Official Statement:

"Administrator" means U.S. Bank National Association, as administrator pursuant to that certain Administration Agreement by and among U.S. Bank National Association, Fannie Mae and Freddie Mac and concerning the administration of the Program, together with its successors and assigns in such capacity.

"Annual Filing" means the annual financial information required to be provided by the Issuer pursuant to a continuing disclosure undertaking of the Issuer pursuant to Rule 15c2-12,

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"GSE" means either Fannie Mae or Freddie Mac or both, collectively, as the context may require.

"GSE Escrow Fund" or "Escrow Fund" means the escrow fund created and established by the Indenture as a separate, noncommingled fund in which the Trustee will hold the Escrowed Proceeds until the applicable Release Date or until such Program Bonds are redeemed.

"Guarantee" by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep well, to purchase assets, goods, securities or services, to take or pay, or to maintain financial statement condition or otherwise) or (b) entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part).

"Hedge" means any interest rate swap, interest rate cap, interest rate collar or other arrangement, contractual or otherwise, which has the effect of an interest rate swap, interest rate collar or interest rate cap or which otherwise (directly or indirectly, derivatively or synthetically) hedges interest rate risk associated with being a debtor of variable rate debt, or any agreement or other arrangement to enter into any of the above on a future date or after the occurrence of one or more events in the future.

"Interest Payment Date" means, with respect to Pre-Conversion Bonds, each Release Date (but such Release Date shall be an Interest Payment Date only for that portion of Pre-Conversion Bonds with respect to which Escrowed Proceeds are subject to release on such date), each Conversion Date (but such Conversion Date shall be an Interest Payment Date only with respect to those Pre-Conversion Bonds which are to become, as of such date, Converted Bonds), and each redemption date. Interest Payment Dates for each Converted Bond shall be the first Business Day of each month.

"Market Bond Ratio Requirement" means the requirement that the Issuer issue and deliver Market Bonds in conjunction with and as a condition to each Release Date, the principal amount of such Market Bonds being not less than 2/3rds of the principal amount of Pre-Conversion Bonds the proceeds of which are proposed to be released on such Release Date.

"Market Bonds" means serial bonds and/or term bonds sold by the Issuer to public or private investors in accordance with standard bond underwriting practices and that are issued under the Indenture in order to satisfy the conditions to the release of proceeds of some or all of the Program Bonds.

"Material Event Filing" means the material event notices required to be provided by the Issuer pursuant to a continuing disclosure undertaking of the Issuer pursuant to Rule 15c2-12, which material event notices shall be provided to the GSEs pursuant to the provisions of the Indenture as and when required by Rule 15c2-12, whether or not Rule 15c2-12 applies to the Program Bonds.

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which information shall be provided to the GSEs pursuant to the provisions of the Indenture as and when required by Rule 15c2-12, whether or not Rule 15c2-12 applies to the Program Bonds.

"Authorized Denominations" means \$5,000 and integral multiples thereof and, for purposes of initial issuance and redemption of Program Bonds, \$10,000 or any integral multiple of \$10,000 in excess thereof.

"Bond Counsel" means nationally recognized bond counsel selected by the Issuer.

"Bond Rating" means the long term credit rating (without regard to any bond insurance or any other form of credit enhancement on the Program Bonds) assigned to the Program Bonds or Parity Debt by each Rating Agency then providing its long term rating therefor. If more than one rating agency provides a rating, the "Bond Rating" is the lowest such rating.

"Certificate of Adverse Changes" means a written notice from or on behalf of the GSEs or the Issuer stating that one or more of the certificates or opinions required to be delivered by the Issuer pursuant to the Placement Agreement has been revised or withdrawn prior to the receipt by the Issuer of proceeds of the Program Bonds on the Settlement Date.

"Code" means the Internal Revenue Code of 1986, as amended.

"Conversion" or "Converting" or "Converted" means the conversion or the converting of the interest rate on all or a portion of the Pre-Conversion Bonds from a Short-Term Rate to a Permanent Rate as provided in the Indenture and as described herein under the caption "THE BONDS - Release and Conversion."

"Conversion Date" means, with respect to all or a portion of Pre-Conversion Bonds that are converting to a Permanent Rate, the date two (2) months after the related Release Date; provided that there shall be no more than three (3) Conversion Dates.

"Converted Bonds" means Program Bonds that have been through the process of Conversion.

"Debt" of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (d) all obligations of such Person as lessee under capital leases, (e) all debt of others secured by a lien on any asset of such Person, whether or not such debt is assumed by such Person, and (f) all Guarantees by such Person of debt of other Persons.

"Escrowed Proceeds" means the portion of the proceeds of the Pre-Conversion Bonds that, together with the Shortfall Amount, must be set aside in the Escrow Fund pending the related Release Date.

"Four Week T-Bill Rate" means the interest rate for Four Week Treasury Bills (secondary market) as reported by the Federal Reserve on its website at the following internet address <http://www.federalreserve.gov/releases/h15/update/h15upd.htm>.

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"MBS" means a mortgage-backed security or securities issued by either GSE or by GNMA.

"Notice Parties" means the Administrator, Fannie Mae, Freddie Mac and Treasury's Financial Agent.

"Notice Parties' Addresses" means the addresses of the Notice Parties set forth in the Indenture as modified from time to time pursuant to the Indenture.

"Official Statement" means an official statement or other offering document of the Issuer with respect to either the Program Bonds or the Market Bonds.

"Official Statement Supplement" means the supplement or amendment to the official statement of the Issuer relative to the Conversion of Program Bonds to Converted Bonds.

"Permanent Rate" means an interest rate per annum certified to the Trustee by the Special Permanent Rate Advisor on or prior to the Release Date, which shall be equal to the sum of (i) 3.28%, plus (ii) the Spread.

"Permanent Rate Calculation Date" means the date on which the Permanent Rate is calculated with respect to all or a portion of the Program Bonds, which shall be, with respect to each applicable portion of the Pre-Conversion Bonds, a date acceptable to the GSEs selected by the Issuer on or prior to December 31, 2010 on which Market Bonds are priced, provided that a bond purchase agreement must be executed with respect to the Market Bonds on such date for such Permanent Rate to be effective.

"Permitted Escrow Investments" means the investments represented and provided pursuant to that certain Global Escrow Agreement, by and among the GSEs, the Trustee and U.S. Bank National Association, as escrow agent, in connection with the Program Bonds.

"Person" means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organization, including a governmental or political subdivision or an agency or instrumentality thereof.

"Placement Agreement" means the Placement Agreement among the Issuer and the GSEs, concerning the acquisition of the Program Bonds from the Issuer.

"Pre-Conversion Bonds" means Program Bonds for which the interest rate has not been the subject of a Conversion.

"Pre-Settlement Date" means December 21, 2009.

"Program" means the Housing Finance Agency Initiative announced by Treasury on October 19, 2009.

"Program Bonds" means the Program Bonds authorized to be issued pursuant to the Indenture and the Appendix, and includes Pre-Conversion Bonds and Converted Bonds.

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"*Related Documents*" means the Appendix, the Program Bonds and the Indenture, as the same may be amended or modified from time to time in accordance with their respective terms.

"*Release Date*" means such date or dates (not to exceed three (3) dates) on or prior to December 31, 2010 and which dates are acceptable to the GSEs, on which dates the proceeds of the related Market Bonds are delivered to the Trustee and the other requirements under the Indenture, as described herein under the caption "**THE PROGRAM BONDS - Release and Conversion**," are satisfied, including, without limitation, delivery of the Market Bond Ratio Requirement Compliance Certificate attached as Exhibit B to the Appendix.

"*Rule 15c2-12*" means Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

"*Settlement Date*" means December 23, 2009.

"*Shortfall Amount*" means the difference, as of the Settlement Date, between the proceeds of the Program Bonds to be received on such Settlement Date and the initial principal amount of such Program Bonds.

"*Short-Term Rate*" means, (i) for the period from the Settlement Date to the applicable Release Date, the interest rate which produces an interest payment on such Release Date relative to the Program Bonds with respect to which Escrowed Proceeds are subject to release on such Release Date equal to Investment Earnings and (ii) from the Release Date to the Conversion Date, an interest rate equal to the sum of 60 bps (.60%) plus the lesser of (A) the Four Week T-Bill Rate as of the Business Day prior to the Release Date or (B) the Permanent Rate less 60 bps (.60%). For purposes of this provision, "*Investment Earnings*" means total investment earnings on the portion of the Escrow Fund related to Program Bonds with respect to which a Release Date is occurring.

"*Single Family Program Bond Limit*" means the amount of \$120,000,000 that has been allocated to the Issuer with respect to the Program Bonds.

"*Special Permanent Rate Advisor*" means State Street Bank and Trust Company, and any successor or assign designated by Treasury.

"*Spread*" means additional per annum interest on the Program Bonds based upon the lowest Bond Rating effective as of the Permanent Rate Calculation Date to the Program Bonds under the Indenture by the rating agency rating the Program Bonds, as follows:

Rating	Additional Spread
'Aaa'/'AAA'	60 bps
'Aa'/'AA'	75 bps
'A'	110 bps
'Baa'/'BBB'	225 bps

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Bonds shall be paid by check mailed to the registered owner thereof at his address as it appears on the registration books of the Issuer maintained by the Trustee on the Record Date or at such other address as is furnished to the Trustee in writing by such owner, or upon request of a holder of at least \$1,000,000 aggregate principal amount of Program Bonds (at the expense of such holder), principal of or interest on the Program Bonds shall be paid by wire transfer in immediately available funds to an account designated by such holder if such holder shall have requested in writing payment by such method and shall have provided the Trustee with an account number and other necessary information for such purposes at least 15 days before the applicable Record Date. Except as provided in the next succeeding sentence, a holder of at least \$1,000,000 aggregate principal amount of Program Bonds may request in writing that the Trustee provide a payment record (at the expense of such holder) that includes the CUSIP number and dollar amount of each payment of principal of and interest on the Program Bonds attributable to such CUSIP number. The initial owner of the Program Bonds shall not be required to make such request to receive payment by wire transfer. All payments of principal of and interest on the Program Bonds shall be identified by CUSIP number. The Trustee shall maintain a record of the amount and date of any payment of principal and/or interest on the Bonds (whether on the maturity date, Release Date, Conversion Date or redemption date prior to maturity or upon maturity thereof by declaration or otherwise), which records shall be conclusive evidence as to the principal or interest remaining due on the Program Bonds. Notwithstanding the foregoing, the payment of principal and interest on the Program Bonds shall be in accordance with the Placement Agreement and the Appendix.

Description of the Program Bonds

The Program Bonds are dated December 21, 2009, will mature on December 1, 2041, and shall bear interest at the applicable Short-Term Rate from the Settlement Date, and will be payable (i) with respect to Pre-Conversion Bonds, on each Release Date (but such Release Date shall be an Interest Payment Date only for that portion of Pre-Conversion Bonds with respect to which Escrowed Proceeds are subject to release on such date), (ii) on each Conversion Date (but such Conversion Date shall be an Interest Payment Date only with respect to those Pre-Conversion Bonds which are to become, as of such date, Converted Bonds), and (iii) on each redemption date. Interest Payment Dates for each Converted Bond will be the first Business Day of each month.

The Program Bonds bear interest from the Settlement Date through the Conversion Date as described above, and thereafter from the Interest Payment Date next preceding the date of registration thereof, unless it is registered on an Interest Payment Date, in which case it shall bear interest from such Interest Payment Date, or unless it is registered as of a day during the period from the Record Date immediately preceding a Interest Payment Date to such Interest Payment Date, inclusive, in which event it will bear interest from such Interest Payment Date. If, as of the date of registration of any Program Bond, interest is in default on the Program Bonds, such Program Bonds will bear interest from the Interest Payment Date to which interest previously has been paid or made available for payment on the Outstanding Program Bonds.

From and after the applicable Release Date, the Program Bonds shall bear interest on the basis of a 360-day year consisting of twelve 30-day months.

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"*Treasury*" means the United States Department of the Treasury.

"*Treasury's Financial Agent*" means JPMorgan Chase Bank, N.A., as Treasury's financial agent, or such other party as Treasury may appoint for such purpose from time to time.

"*Volume Cap*" means tax exempt bond volume cap as described in Section 146 of the Code.

Limited Obligations

ON AND BEFORE EACH RELATED RELEASE DATE, THE PRE-CONVERSION BONDS THAT HAVE NOT BEEN THE SUBJECT OF A RELEASE DATE WILL BE SECURED SOLELY BY THE ESCROWED PROCEEDS ON DEPOSIT IN THE GSE ESCROW FUND. AS OF A RELEASE DATE, THE PROGRAM BONDS THAT HAVE BEEN THE SUBJECT OF A RELEASE DATE WILL BE SECURED ALONG WITH THE MARKET BONDS SOLELY BY THE TRUST ESTATE UNDER THE INDENTURE, OTHER THAN THE ESCROWED PROCEEDS REMAINING ON DEPOSIT IN THE GSE ESCROW FUND. THE MARKET BONDS AND PROGRAM BONDS (COLLECTIVELY, THE "BONDS") DO NOT CONSTITUTE AN OBLIGATION, EITHER GENERAL OR SPECIAL, OF THE STATE, ANY MUNICIPALITY OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE. THE PROGRAM BONDS ARE PAYABLE SOLELY FROM THE MONEYS AND ASSETS OF THE ISSUER PLEDGED THEREFOR AND DO NOT CONSTITUTE A DEBT OR GENERAL OBLIGATION NOR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF BUT CONSTITUTE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE MONEYS AND PROPERTY SPECIFICALLY PLEDGED TO THE PAYMENT OF THE BONDS UNDER THE INDENTURE, AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE SUBJECT TO PECUNIARY LIABILITY THEREON NOR SHALL ANY OF THE BONDS CONSTITUTE A CHARGE, LIEN OR ENCUMBRANCE UPON ANY PROPERTY OF THE ISSUER, THE STATE OR POLITICAL SUBDIVISION THEREOF OTHER THAN THE MONEYS AND PROPERTY SPECIFICALLY PLEDGED TO THE PAYMENT OF THE BONDS, AND NO OWNER OF ANY BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE SAME OR THE INTEREST THEREON. THE ISSUER HAS NO TAXING POWER. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA OR ANY AGENCY THEREOF OR GNMA, FANNIE MAE OR FREDDIE MAC AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA.

Payment of Debt Service

Except as otherwise provided in the section entitled "**THE PROGRAM BONDS - Book-Entry Only System**" herein, the principal of the Program Bonds shall be payable in lawful money of the United States of America at the operations office of the Trustee, or its successors, upon presentation of such Program Bonds. Payment of interest on the Program

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Release and Conversion

(a) *General.* A Conversion may involve all or only a portion of the Pre-Conversion Bonds, provided that such Pre-Conversion Bonds may only be Converted in integral multiples of \$10,000. Any particular Pre-Conversion Bond may be Converted to a Permanent Rate only once. The Issuer may exercise its right of Conversion on no more than three (3) occasions and must cause each related Release Date to occur on or prior to December 31, 2010.

(b) Release Requirements.

(i) On or Prior to a Permanent Rate Calculation Date.

(A) On or prior to the date which is fourteen (14) days prior to a proposed Permanent Rate Calculation Date, the Issuer shall notify the Trustee, the Notice Parties (at the Notice Parties' addresses) and the Rating Agencies pursuant to Exhibit A of the Appendix, of (I) the proposed Release Date, (II) the proposed Conversion Date, (III) the principal amount of Pre-Conversion Bonds to be Converted on such Conversion Date, (IV) the proposed Permanent Rate Calculation Date, and (V) the Bond Rating anticipated to be in effect on the Release Date.

(B) On the Permanent Rate Calculation Date, the Issuer shall deliver to the Trustee, with copies to the Notice Parties, (I) a copy of the executed bond purchase agreement delivered with respect to the Market Bonds, and (II) the Preliminary Official Statement with respect to the Market Bonds (with the final Official Statement to be provided as soon as it is available).

(ii) *On or Prior to a Release Date.* The Issuer shall deliver or cause to be delivered to the Trustee on or prior to any Release Date, the following:

(A) the certification, if applicable, of the Special Permanent Rate Advisor specifying the Permanent Rate Calculation Date and the Four Week T-Bill Rate, Spread and Permanent Rate applicable to the relevant Conversion;

(B) the Official Statement for the Market Bonds and the Official Statement or Official Statement Supplement relative to the Program Bonds;

(C) (I) an opinion or opinions of counsel and a certificate of an authorized officer of the Issuer to the effect that nothing has come to their attention that the Official Statement Supplement or Official Statement relating to the Program Bonds contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading and (II) a letter or letters from the counsel referenced in the foregoing clause (I) addressed to the GSEs stating that the GSEs may rely on such opinion as though it was addressed to them;

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(D) confirmation by the Rating Agencies of the Bond Rating on the applicable Program Bonds after giving effect to the Release Date and related Conversion;

(E) an opinion of Bond Counsel dated as of the Release Date to the effect that the applicable Program Bonds have been duly and validly issued and are enforceable obligations of the Issuer and that interest payable on such Program Bonds is exempt from federal income taxation under Section 103 of the Code;

(F) net proceeds of the Market Bonds, which proceeds (together with any amounts deducted from proceeds for underwriting fees and expenses) shall be in an amount not less than two thirds (2/3) of the applicable portion of the principal amount of the Program Bonds being Converted;

(G) a certificate of the Issuer, attached as Exhibit B to the Appendix, specifying (I) the principal amount of the related Program Bonds to be Converted, (II) the related Market Bonds and their maturity dates, interest rates and principal amounts, (III) the amount of the proceeds of the Market Bonds, and the amounts to be released from the GSE Escrow Fund in connection with such Conversion, (IV) the applicable Conversion Date, (V) the Release Date and (VI) the principal amount of the Pre-Conversion Bonds which will not be Converted as part of the related Conversion; and

(H) a certificate of the GSEs, evidencing (I) their consent to the Release Date and (II) that the Issuer has paid or made arrangements to pay the fees of the GSEs' counsel in connection with the Release Date.

The Trustee shall provide via e-mail and delivery by overnight mail (x) to the Notice Parties at the Notice Parties' Addresses copies of items (ii) (A) through (H) above and (y) to the Issuer and the Notice Parties at the Notice Parties' Addresses, confirmation, as set forth in Exhibit C to the Appendix, that the interest rate of the related Program Bonds shall be Converted to the specified Permanent Rate as of the specified Conversion Date and that the related bond proceeds shall be released to the Issuer on the specified Release Date in accordance with the provisions of the Indenture, including the Appendix. The foregoing are in addition to, and not in lieu of, the requirements relating to the issuance of additional Bonds under the Indenture with respect to the Market Bonds.

Taxable Bond Representation

The Issuer represents and warrants in the Indenture that (i) it reasonably expects to have Volume Cap, to the extent necessary for the Program Bonds to be tax exempt, on a timely basis and in a manner which shall permit the release of all Escrowed Proceeds by December 31, 2010 and the Conversion of all Program Bonds to a Permanent Rate, and (ii) the Issuer shall use its best efforts to obtain such Volume Cap, if necessary. The Issuer further represents and warrants in the Indenture that all tax exempt Program Bonds issued under the Indenture shall be qualified mortgage bonds within the meaning of Section 143 of the Internal Revenue Code of 1986. The

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sinking fund redemptions on Program Bonds, Market Bonds or other bonds issued in conjunction with and secured by the Trust Estate on a parity with the Program Bonds. Amounts set forth in clause (ii) are required to be applied to the redemption of Program Bonds promptly and as provided above shall not be recycled into new mortgage loans or MBS.

Mandatory Sinking Fund Redemption

Program Bonds may be subject to mandatory sinking fund redemption in the amounts and on the dates to be established by the Issuer not later than the final Release Date and which will be set forth in the Official Statement Supplement. The Issuer has covenanted in the Indenture to establish such sinking fund schedules as provided in the Indenture. Each such redemption shall be at a price of par, plus accrued interest to the redemption date. The schedules referenced above shall take into account anticipated underlying mortgage loan amortization, and standard and customary practices of the Issuer in connection with combined serial bond and term bond issuances.

Optional Redemption

Program Bonds are subject to redemption at the option of the Issuer, in whole or in part, from any source of funds, on the first Business Day of any month, at a redemption price equal to 100% of the principal amount thereof, without premium, plus accrued interest, if any, to the redemption date.

Changes Permitted Upon Conversion

In conjunction with the Conversion of Pre-Conversion Bonds, on or prior to the Release Date, the Issuer may add mandatory sinking fund redemption requirements to such Program Bonds, may agree to pay the principal of such Program Bonds prior to their stated maturity and may issue additional Market Bonds (whether or not as part of the same federal tax financing plan), which Market Bonds may mature before or after the Program Bonds or be redeemed before or after the Program Bonds.

Redemption Notice Requirements

In addition to any other required notices under the Indenture, written notice of each redemption of Program Bonds shall be provided by the Trustee to the Notice Parties, such notice to be provided by e-mail or facsimile transmission to the Notice Parties' Addresses. Redemption of Program Bonds shall not be conditioned on or delayed for the giving of such notice, which shall be provided to the Notice Parties at the Notice Parties' Addresses at least ten (10) days in advance of the date of such redemption (or such lesser period as is required under the Indenture). All redemptions of Program Bonds shall be only in Authorized Denominations.

Redemption of Program Bonds after the Release Date

(a) The Program Bonds are redeemable in whole or in part (in minimum denominations of \$10,000 and integral multiples of \$10,000 in excess thereof). Redemptions of Program Bonds may be made without premium or penalty.

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Issuer agrees and acknowledges in the Indenture that the adjustment of interest on Program Bonds from taxable status to tax exempt status may not be accomplished through a refunding and remarketing of the Program Bonds, and the Issuer represents and warrants in the Indenture that the conversion of such Program Bonds to tax exempt status will not be accomplished by such means.

Special Redemptions

(a) Pre-Conversion Bonds.

(i) *Failure to Convert.* Any Pre-Conversion Bonds with respect to which a Release Date has not occurred prior to January 1, 2011 are subject to mandatory redemption on February 1, 2011 (or an earlier date selected by the Issuer), at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

(ii) *Withdrawal of Closing Certificates.* The Program Bonds are subject to mandatory redemption in whole, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest, on the first Business Day at least thirty (30) days after the Settlement Date, if there is delivered by mail or by electronic means to the Trustee on or prior to the Settlement Date a Certificate of Adverse Change and the GSEs have not, prior to the date 20 days following the Settlement Date, provided the Trustee a written waiver.

(b) *Pre-Conversion Bonds Not Meeting Minimum Rating Thresholds.* Within ten (10) Business Days of receipt by the Trustee of notice that the Bond Rating has been withdrawn or fallen below "Baa3" or "BBB-," all proceeds that are held in the GSE Escrow Fund shall be used to mandatorily redeem a corresponding amount of Pre-Conversion Bonds, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest, to the redemption date. The Issuer has covenanted in the Indenture to provide such notice to the Trustee promptly upon receipt by the Issuer of notice of any such withdrawal or downgrade.

(c) *Available Moneys for Redemptions.* With respect to the redemptions set forth in (a) and (b) above, moneys still on deposit in the GSE Escrow Fund shall be used for any such redemption; if GSE Escrow Fund moneys are not sufficient, then any available moneys under the Indenture shall also be used for any such redemption.

Redemption Restrictions and Recycling Prohibition

Except as limited by tax law requirements, the Issuer shall apply the following exclusively to the redemption of Program Bonds, (i) all proceeds of the Program Bonds, to the extent not used to acquire mortgage loans or MBS, refund outstanding bond issues as provided in the Indenture, pay Program Bond issuance expenses or fund related reserve accounts and (ii) as long as any Market Bonds remain Outstanding, at least 60%, and after no Market Bonds remain Outstanding, 100%, of all principal prepayments and recoveries of principal received with respect to the mortgage loans or MBS acquired or financed with the proceeds of the Program Bonds and the Market Bonds, to the extent not used to pay scheduled principal, interest or

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(b) Except as limited by tax law requirements, all proceeds of the Program Bonds, to the extent not used to acquire mortgage loans or mortgage backed securities, refund outstanding bond issues as permitted by the Indenture, pay Program Bond issuance expenses, fund downpayment assistance loans or fund related reserve accounts, must be applied exclusively to the redemption of Program Bonds.

(c) Except as limited by tax law requirements, a pro rata portion of all principal payments, principal prepayments and other recoveries of principal received with respect to the mortgage loans or mortgage backed securities financed with the proceeds of the Program Bonds must be applied to the redemption of the Program Bonds, to the extent not used to pay scheduled principal, interest, or sinking fund redemptions on Program Bonds or other bonds issued and secured by the Trust Estate on a parity with the Program Bonds.

Redemption of Program Bonds following Release Date from Pro Rata Principal Payments and Prepayments

Notwithstanding anything to the contrary in this Official Statement, the Program Bonds shall be subject to mandatory redemption on any redemption date from not less than a pro rata share of all principal payments and repayments in accordance with the Market Bond Term Sheet.

Selection of Market Bonds or Portions of Market Bonds To Be Redeemed

Subject to satisfying requirements set forth above under the caption "Redemption of Program Bonds following Release Date from Pro Rata Principal Payments and Prepayments, with respect to the Program Bonds, the Market Bonds shall be redeemed in accordance with the Permanent Rate Term Sheet.

DTC Provisions

(a) The Trustee shall take all actions reasonably required by the Issuer, in accordance with the policies and procedures of the Depository Trust Company, New York, New York ("DTC") to assist the Issuer in the DTC aspects of the settlement process in connection with the Pre Settlement Date, the Settlement Date, the Release Date and the Conversion Date.

(b) The Program Bonds shall initially be issued to Cede & Co., as nominee for DTC, as one fully registered Bond in the aggregate principal amount of each series of the Program Bonds. In connection with a Release Date for any of the Program Bonds, the Trustee may either accept a replacement bond certificate or make an appropriate notation thereon of the principal amount of such Program Bond certificate and the interest rate(s) to which such Bonds are being Converted and the Release Conversion Date applicable thereto.

If less than all of the Pre-Conversion Bonds are the subject of a particular Release Date, the Issuer and the Trustee may arrange for the delivery of a new Program Bond certificate in an aggregate principal amount equal to the principal amount of Program Bonds for which a Release Date was established, as well as either a notation of a reduction of the principal amount of the Program Bond representing Escrowed Proceeds or the delivery of a new Bond in such reduced principal amount representing Escrowed Proceeds. If a new Program Bond at such a reduced

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principal amount representing Escrowed Proceeds is so delivered, it shall be exchanged for the existing Program Bond representing Escrowed Proceeds. The Issuer shall arrange for a CUSIP number applicable to each Release Date, which CUSIP number the Trustee shall also note on the Program Bond certificate.

In the event DTC determines to discontinue providing its services and a successor securities depository for all the Program Bonds is not designated, the Issuer and the Trustee shall arrange for the delivery of a single certificate for each series of the Program Bonds as fully registered bonds. Each such fully registered Program Bond shall be identified by a legend consisting of the letter "R" followed by the number of the Bond. The Program Bonds shall be numbered consecutively from 1 upwards.

THE ISSUER, THE TRUSTEE AND THE SPECIAL ADVISOR CANNOT AND DO NOT GIVE ANY ASSURANCES THAT THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE PROGRAM BONDS, (i) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE PROGRAM BONDS, (ii) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN THE PROGRAM BONDS, OR (iii) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNERS OF THE PROGRAM BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC OR DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE ISSUER, THE TRUSTEE NOR THE SPECIAL ADVISOR WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE PROGRAM BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (3) THE PAYMENT BY ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON THE PROGRAM BONDS; (4) THE DELIVERY BY ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO HOLDERS OF THE PROGRAM BONDS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE PROGRAM BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER OF THE PROGRAM BONDS.

Market Bond Requirements

(a) **General.** The Issuer is required to issue Market Bonds under the Indenture in connection with the Program Bonds in order to cause the release of Escrowed Proceeds of Program Bonds as described herein. All Market Bonds must be issued by December 31, 2010. The Issuer represents and warrants in the Indenture that it reasonably expects to issue Market

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eligible to be financed on a tax exempt basis under applicable federal income tax law ("eligible loans");

(ii) to refund, as fixed rate bonds, any of the Issuer's variable rate debt (including, but not limited to, auction rate securities issued and outstanding on or prior to October 19, 2009 or refund an issue that did so, so long as such debt was, in turn, issued to acquire and finance the holding of eligible loans; the use of proceeds for such a refunding purpose shall be limited to 30% of the net proceeds of the Program Bonds); the restrictions on refundings herein shall not apply to either (A) the use of proceeds to repay 'warehouse credit lines' used to acquire mortgage loans and MBS or (B) 'replacement refundings' where proceeds of Program Bonds are exchanged dollar for dollar for unexpended tax exempt bond proceeds and/or mortgage loan prepayments so long as all proceeds of related Market Bonds are exchanged first for such purpose; and

(iii) to fund reasonably required reserves and pay costs of issuance of the Program Bonds in accordance with the requirements and limitations of applicable federal tax law.

The proceeds of the Program Bonds shall not be used for essential governmental functions within the meaning of Section 115 of the Code or qualified veterans mortgage bonds under Section 143 of the Code, or by Section 501(c)(3) organizations.

(b) **Taxable Bonds.** Proceeds of Program Bonds issued as taxable bonds as described herein may not be released from the Escrow Fund unless and until there is delivered to the Trustee and the GSEs the opinion of Bond Counsel required pursuant to the provisions of the Indenture described herein under the caption "THE PROGRAM BONDS - Release and Conversion."

SOURCES AND USES OF FUNDS

The following table sets forth the sources and uses of funds of the Program Bonds. See "APPENDIX B - Summary of Certain Provisions of the Indenture of Trust -Proceeds Account of the Program Fund."

<u>Sources</u>	
Program Bond Proceeds	\$120,000,000
Issuer Contribution (including Shortfall Amount and legal deposit)	332,150 ⁽¹⁾
TOTAL SOURCES OF FUNDS	\$120,332,150
<u>Uses</u>	
Deposit to Escrow Fund	\$120,000,000
GSE Securitization Fee	120,000
GSE Counsel Fee	52,500
Deposit to Account of the Costs of Issuance Fund	159,650
TOTAL FUNDS APPLIED	\$120,332,150

⁽¹⁾ The Issuer has previously paid \$25,000 for a portion of the Shortfall Amount.

Bonds on or before December 31, 2010 in a principal amount which will satisfy the Market Bond Ratio Requirement. The Issuer further represents and warrants that it reasonably expects to meet all other requirements contained in the Appendix relative to the release of Escrowed Proceeds of all Program Bonds issued under the Indenture.

(b) **Amortization.** The Issuer shall not issue Market Bonds with 'super sinkers,' planned amortization classes or other priority allocation class rights unless such provisions retain for application to the redemption of the Program Bonds at least the portion of any prepayments or other recoveries of principal relative to mortgage loans funded or MBS purchased with proceeds of the Program Bonds as specified in the Appendix.

(c) **Mortgage Loan Prepayments.** Prepayments received on the underlying mortgage loans financed with proceeds of the Program Bonds and the related Market Bonds, if any, shall be applied at least on a pro rata basis to redemption of such Program Bonds pursuant to the provisions of the Indenture.

PROCEEDS OF PROGRAM BONDS

Escrow of Proceeds of Program Bonds

(a) **Escrowed Proceeds.** The proceeds of the Program Bonds and the Shortfall Amount shall be retained in the Escrow Fund for application as set forth in the Indenture.

If the Trustee has received a Certificate of Adverse Change, all the proceeds of the Program Bonds, together with the Shortfall Amount, shall be retained in the Escrow Fund until either the written waiver required under the Indenture is delivered or the Program Bonds are redeemed as provided in the Appendix.

In addition, the proceeds of the Program Bonds and the Shortfall Amount shall be retained in the Escrow Fund until the requirements of the Indenture are satisfied or until applied to the redemption of the Program Bonds pursuant to the Indenture. The Escrowed Proceeds (which includes the Shortfall Amount) held in the Escrow Fund shall be pledged exclusively to the repayment of the Program Bonds unless and until there is a default under the Indenture, in which case such funds will be applied as required by the Indenture. While such proceeds are held in the Escrow Fund, such proceeds may only be invested in Permitted Escrow Investments.

(b) **Conversion and Release of Escrowed Proceeds.** Upon the satisfaction of the requirements of the Indenture as described herein under the caption "THE BONDS - Release and Conversion" and to the extent provided therein, the released Escrowed Proceeds shall be transferred to the Acquisition Account of the Program Fund.

Use of Proceeds of Program Bonds

(a) **Use of Proceeds.** The proceeds received from the release of Escrowed Proceeds in connection with Program Bonds shall be used only to redeem Program Bonds or as follows:

(i) to acquire and finance the holding of single family loans or single family MBS which are either newly originated or refinanced, so long as all such loans are

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SECURITY FOR THE BONDS

Pledge

The Program Bonds are limited obligations of the Issuer and are secured prior to their applicable Release Date solely by the Escrowed Proceeds on deposit in the GSE Escrow Fund pursuant to the provisions of the Indenture. On and after their applicable Release Date, Program Bonds shall have no lien on or security interest in the GSE Escrow Fund, and such Program Bonds, along with the Market Bonds, will be secured solely by the Trust Estate, other than the GSE Escrow Fund, under the Indenture.

General

ON AND BEFORE EACH RELATED RELEASE DATE, THE PRE-CONVERSION BONDS THAT HAVE NOT BEEN THE SUBJECT OF A RELEASE DATE WILL BE SECURED SOLELY BY THE ESCROWED PROCEEDS ON DEPOSIT IN THE GSE ESCROW FUND. AS OF A RELEASE DATE, THE PROGRAM BONDS THAT HAVE BEEN THE SUBJECT OF SUCH RELEASE DATE WILL BE SECURED, ALONG WITH THE MARKET BONDS, SOLELY BY THE TRUST ESTATE UNDER THE INDENTURE, OTHER THAN THE ESCROWED PROCEEDS REMAINING ON DEPOSIT IN THE GSE ESCROW FUND. THE PROGRAM BONDS DO NOT CONSTITUTE AN OBLIGATION, EITHER GENERAL OR SPECIAL, OF THE STATE, ANY MUNICIPALITY OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE. THE BONDS ARE PAYABLE SOLELY FROM THE MONEYS AND ASSETS OF THE ISSUER PLEDGED THEREFOR AND DO NOT CONSTITUTE A DEBT OR GENERAL OBLIGATION NOR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF BUT CONSTITUTE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE MONEYS AND PROPERTY SPECIFICALLY PLEDGED TO THE PAYMENT OF THE BONDS UNDER THIS INDENTURE, AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE SUBJECT TO PECUNIARY LIABILITY THEREON NOR SHALL ANY OF THE BONDS CONSTITUTE A CHARGE, LIEN OR ENCUMBRANCE UPON ANY PROPERTY OF THE ISSUER, THE STATE OR POLITICAL SUBDIVISION THEREOF OTHER THAN THE MONEYS AND PROPERTY SPECIFICALLY PLEDGED TO THE PAYMENT OF THE BONDS, AND NO OWNER OF ANY BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE SAME OR THE INTEREST THEREON. THE ISSUER HAS NO TAXING POWER. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA OR ANY AGENCY THEREOF OR GNMA, FANNIE MAE OR FREDDIE MAC AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA.

Additional Bonds

The Issuer may not issue additional series of bonds under the Indenture.

SPECIAL GSE RIGHTS

Removal of Trustee

No successor Trustee under the Indenture shall be appointed under the Indenture without written notice to the Notice Parties at the Notice Parties' Addresses and without the prior written consent of the GSEs, which consent shall not be unreasonably withheld.

GSEs as Third Party Beneficiaries

Each GSE is intended to be and shall be a third party beneficiary of the Indenture, including the Appendix, and each GSE shall have the right (but not the obligation) to enforce, separately or jointly with the Trustee or cause the Trustee to enforce, the provisions set forth under the captions "Special Issuer Covenants," "Covenants Regarding Administration of Indenture and Program Bonds" and "Reporting Requirements" below.

COVENANTS

Special Issuer Covenants

The Issuer covenants in the Appendix that, so long as the Program Bonds are Outstanding, it shall:

- (a) use its reasonable best efforts to obtain Volume Cap allocations as needed to convert the taxable Program Bonds to tax-exempt status on each applicable Release Date for such Program Bonds in 2010;
- (b) not permit the aggregate principal amount of the Program Bonds issued under the Indenture to exceed the Single Family Program Bond Limit;
- (c) not allow the aggregate principal amount of Market Bonds and Program Bonds to exceed the reasonable expectations requirement applicable to tax exempt mortgage revenue bonds;
- (d) not exercise any rights it may have to make voluntary withdrawals of cash or other assets from the lien of the Indenture except under the following circumstances and within the following limits:
 - (i) the Issuer may withdraw cash from the Indenture to pay ordinary and customary administrative and operating expenses of the Issuer, ordinary and customary operating expenses of any of the indentures of the Issuer (such as, for example, fees and payments due on an interest rate swap entered into by the Issuer) and to fund or reimburse the cost of programs sponsored by the Issuer, subject to each of the following requirements:
 - (A) either:

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- (e) with respect to the purchase, origination, enforcement and servicing of mortgage loans and MBS, the Issuer shall:
 - (i) originate or cause to be originated, and, if applicable, purchased, mortgage loans and purchase, or cause to be purchased, MBS in a manner consistent with applicable state law, the Indenture and any supplements thereto, and such other related documents by which the Issuer is bound,
 - (ii) cause all mortgage loans to be serviced pursuant to the servicing requirements of the Issuer, GNMA, FHA, Fannie Mae and Freddie Mac, as applicable,
 - (iii) except as otherwise permitted by Treasury or the GSEs, diligently take all steps necessary or desirable to enforce all terms of the mortgage loans, MBS, loan program documents and all such other documents evidencing obligations to the Issuer, and
 - (iv) diligently take all actions consistent with sound mortgage loan origination, purchase and servicing practices and principles as may be necessary to receive and collect sufficient revenues to pay debt service when due on the Program Bonds;
- (f) not issue any bonds senior in priority to the Program Bonds and the Issuer has represented and warranted that the Program Bonds are at least equal in priority with respect to payment and security to the most senior Outstanding Bonds under the Indenture.

Covenants Regarding Administration of Indenture and Program Bonds

The Issuer has covenanted in the Indenture, so long as the Program Bonds remain Outstanding, that it shall:

- (a) not amend, supplement or otherwise modify in any material respect the Indenture, including the Appendix, or any other Related Document without the prior written consent of the GSEs; provided, however, that the consent of the GSEs shall not be required with respect to supplements entered into solely for the purpose of providing for the issuance of a series of Bonds pursuant to the Indenture, except as provided in the Indenture. With respect to Indenture amendments, the determination of the GSEs as to the materiality of an amendment shall be controlling;
- (b) not permit any funds invested under the Indenture to be invested in obligations, securities or other investments of a type not included within the categories permitted for such purposes in the Indenture;
- (c) not enter into any Hedge relating to bonds issued under, or secured by revenues or other assets pledged under, the Indenture without the prior written consent of the GSEs;

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(1) the cumulative amount of such withdrawals does not exceed the cumulative withdrawals as projected to the date of such withdrawal in the cash flows most recently submitted to the rating agencies in connection with the then current long term rating of the Program Bonds; or

(2) prior to and as a condition to such withdrawal, the Issuer obtains and furnishes to the Administrator and to Treasury's Financial Agent a confirmation from each of the rating agencies maintaining ratings on the Program Bonds that the proposed withdrawal will not adversely affect such ratings; and

(B) prior to and as a condition to such withdrawal, the Issuer provides a written certification to the Administrator and to Treasury's Financial Agent specifying the amount and purpose of the withdrawal and that all requirements of this paragraph (f)(i) have been met with respect to such withdrawal.

In spite of anything to the contrary contained in this paragraph (f)(i), no withdrawals whatsoever shall be made under this paragraph (f)(i) during any period when any of the ratings on the Program Bonds are below the level of "Baa3" or "BBB-" or has been suspended or withdrawn;

(ii) the Issuer may withdraw cash or other assets from the Indenture for any purpose of the Issuer other than as set out in paragraph (f)(i) above, subject to each of the following requirements:

(A) prior to and as a condition to such withdrawal, the Issuer obtains and furnishes to the Administrator and to Treasury's Financial Agent a confirmation from each of the rating agencies maintaining ratings on the Program Bonds that the rating on the Program Bonds will be not less than [specify exact rating of the Program Bonds as of the issue date] with a rating outlook that is either "stable" or "positive" or the equivalent;

(B) the cash or other assets withdrawn from the lien of the Indenture pursuant to this paragraph (f)(ii) are retained by the Issuer within its funds and accounts or are expended to further the mission or otherwise for the benefit of the Issuer; and

(C) prior to and as a condition of such withdrawal, the Issuer provides a written certification to the Administrator and to Treasury's Financial Agent specifying the amount and purpose of the withdrawal and that all requirements of this paragraph (f)(ii) have been met with respect to such withdrawal.

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(d) not permit any swap termination fees to be payable on a basis senior to or on a parity with the Program Bonds;

(e) not permit any principal payment, principal prepayments and other recoveries of principal received with respect to that portion of any mortgage loans financed with the proceeds of Program Bonds to be recycled into new mortgage loans; and

(f) not permit the Indenture to fail to meet the definition of a "Primary Single Family Indenture."

Reporting Requirements

(a) **Books and Records; GAAP.** The Issuer covenants in the Indenture to keep proper books of record and account in which full, true and correct entries will be made of all dealings and transactions of or in relation to affairs, operations, transactions and activities of the Issuer in accordance with generally accepted accounting principles applicable to governmental entities, consistently applied.

(b) **Non-Public Information.** As used in this Section, "Information" means any information described in Subsection (c) and "Non-Public Information" means any of the Information that, as of the date that such Information is due to be provided to the GSEs pursuant to subsection (c), the Issuer has not released to the general public or otherwise is not in the public domain. To the extent that any of the Information described in Subsection (c) is Non-Public Information each of the following shall apply:

(i) The Issuer may provide such Non-Public Information to the GSEs, but, subject to (ii) below, is not obligated to do so. If the Issuer elects not to provide Non-Public Information, it shall identify the categories of Information that are then Non-Public Information and so inform the GSEs of that fact at the time such information is otherwise due to be provided under Subsection (c).

(ii) If the Issuer elects not to provide Non-Public Information as stated in (i) above, but a GSE determines that the absence of any such information is a material impairment to its obligation to conduct its business in a safe and sound manner or is inconsistent with the requirements of applicable law or regulation, then the Issuer will provide such Information to that GSE at the times and as otherwise required by Subsection (c).

(iii) To the extent that the Issuer actually provides Non-Public Information pursuant to Subsection (c), the Issuer will label such information as Non-Public Information and will segregate all Non-Public Information so that a GSE which elects not to look at the Non-Public Information can do so;

(c) **Information.** The Issuer agrees to furnish to each GSE a copy of each of the following:

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(i) on the date that is the earlier of (i) ninety (90) days after the end of each quarter of each fiscal year of the Issuer and (ii) the day such information is first made available to the general public, the Issuer shall provide to each GSE the financial statements of the Issuer consisting of a balance sheet of the Issuer as at the end of such period, a statement of operations and a statement of cash flows of the Issuer for such period and, with respect to the report provided after the end of each fiscal year, there shall also be included a statement of the changes in net assets of the Issuer for such period. The financial statements referred to above shall be set forth in reasonable detail and shall be accompanied by, in the case of the annual statements, an audit report of the Issuer's auditor or nationally recognized independent certified public accountants stating that they have (except as noted therein) been prepared in accordance with generally accepted accounting principles consistently applied (provided that such audit report need not be submitted until one hundred eighty (180) days after the end of the relevant fiscal year);

(ii) on the date that is the earlier of (i) ninety (90) days after the end of each quarter of each fiscal year of the Issuer and (ii) the day such information is first made available to the general public, the Issuer shall provide to each GSE financial statements of the Issuer specific to the Indenture pursuant to which Program Bonds are outstanding consisting of a statement of operations and a statement of cash flows under the Indenture for such period and, with respect to the report provided after the end of each fiscal year, there shall also be included a statement of the changes in net assets under the Indenture for such period. The financial statements referred to above shall be set forth in reasonable detail and shall be accompanied by, in the case of the annual statements, an audit report of the Issuer's auditor or nationally recognized independent certified public accountants stating that they have (except as noted therein) been prepared in accordance with generally accepted accounting principles consistently applied (provided that such audit report need not be submitted until one hundred eighty (180) days after the end of the relevant fiscal year);

(iii) immediately after any officer of the Issuer obtains knowledge thereof, a certificate of the Issuer setting forth the occurrence of any default or Event of Default under the Indenture, the details thereof and the action which the Issuer is taking or proposes to take with respect thereto;

(iv) quarterly, at the time each of the financial statements referenced in (a) above is provided, and otherwise at the request of a GSE the information set forth in Schedule A to the Appendix, and the information set forth in Schedule A to the Appendix, a certificate of the Issuer (i) stating whether there exists on the date of such certificate any default or Event of Default under the Indenture and, if so, the details thereof and the action which the Issuer is taking or proposes to take with respect thereto and (ii) setting forth a description in reasonable detail of the amounts held in the Revenue Fund and other accounts in the Indenture;

(v) simultaneously with their release to the general public, disclosure statements of any kind prepared by the Issuer which disclose such matters as quarterly or other interim financial statements relating to the Indenture, portfolio composition information regarding the Indenture such as the percentage of loans insured under FHA,

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Agency's housing goal regulations or for use in complying with any other regulatory or legal requirement; and

(xvi) such other information, whether such information is published or unpublished, respecting the affairs, condition and/or operations, financial or otherwise, of the Issuer as a GSE may from time to time reasonably request (including, without limitation, data, including loan level data, required by the GSEs with respect to any asset management surveillance and/or disclosure requirement).

Covenant Enforcement by GSEs

Only the GSEs may enforce, or cause the Trustee to enforce, the provisions set forth under the captions "Special Issuer Covenants," "Covenants Regarding Administration of Indenture and Program Bonds" and "Reporting Requirements" above.

Special Notices

(a) **Request to Withdraw Indenture Funds.** The Trustee shall immediately deliver to the Notice Parties at the Notice Parties' Addresses notice of any request by the Issuer to withdraw funds from the Indenture.

(b) **Events of Default.** The Trustee shall immediately deliver to the Notice Parties at the Notice Parties' Addresses notice of any default or Event of Default under the Indenture, of which the Trustee has knowledge.

(c) **Exercise of Remedies.** The Trustee shall immediately deliver to the Notice Parties at the Notice Parties' Addresses notice of the exercise of any remedies under the Indenture.

TAX AND OTHER MATTERS

Interest on Pre-Conversion Bonds will be subject to federal income taxation until the Release Date applicable to such Pre-Conversion Bonds. No opinion is expressed by Bond Counsel or Co-Bond Counsel with respect to Pre-Conversion Bonds on and after the Release Date applicable to such Pre-Conversion Bonds. On or prior to the applicable Release Date, the Issuer shall cause to be delivered to the Trustee, among other items contained in the Conversion Requirements specified under the caption "THE BONDS - Release and Conversion" herein, (i) the Official Statement for the Market Bonds and the Official Statement Supplement relative to the Program Bonds, and (ii) (I) an opinion or opinions of counsel and a certificate of an authorized officer of the Issuer to the effect that nothing has come to their attention that the Official Statement Supplement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances in which there were made, not misleading and (II) a letter or letters from the counsel referenced in the foregoing clause (I) addressed to the GSEs stating that the GSEs may rely on such opinion as though it was addressed to them and (iii) an opinion of Bond Counsel dated as of the applicable Release Date to the effect that the applicable Program Bonds have been duly and validly issued

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HUD, RDA and VA programs and any pooled mortgage insurance program or securitization by GNMA or a GSE, or portfolio performance information detailing such matters as delinquencies, foreclosures and real estate owned properties;

(vi) promptly upon receipt of notice by the Issuer of any such default, the occurrence of any material event of default by any counterparty to a Related Document;

(vii) at the request of a GSE, copies of any information or request for information concerning the Appendix or any of the Related Documents as and when provided to the Trustee;

(viii) promptly after the receipt or giving thereof, copies of all notices of resignation by or removal of the Trustee, which are received or given by the Issuer;

(ix) promptly after the adoption thereof, copies of any amendments to the Indenture, any of the other Related Documents (including replacement of or any new Related Document), the Official Statement relative to the Program Bonds;

(x) within thirty (30) days of the issuance of any public issuance of indebtedness of the Issuer payable from the Revenues under the Indenture, copies of any disclosure documents distributed in connection therewith;

(xi) any Annual Filing or Material Event Filing shall be delivered to the GSEs on the day it becomes available to the general public or the Bondholders or would be required to become available if Rule 15c2-12 were applicable to the Program Bonds;

(xii) simultaneously with the delivery of each set of the financial statements and the annual filing referred to in clauses (i) and (xi) above and otherwise at the request of the GSEs, or with respect to (iii) whenever prepared and available, (i) a copy of the most recent rating letter received relating to the Bond Rating and/or the Indenture rating, (ii) a certificate of the Issuer stating that the Issuer is in compliance with all financial covenants set forth in the Indenture; and (iii) a copy of the most recent cash flow certificates, financial reports and statements, and annual budget (including portfolio performance reports detailing delinquencies and foreclosure rates, and percentage of loans insured under FHA, HUD, RDA and VA programs and any pooled mortgage insurance program, and the percentage of uninsured loans;

(xiii) immediately upon receipt by the Issuer, any rating report or other rating action relative to the Issuer, the Program Bonds or any other bonds issued under the Indenture;

(xiv) immediately upon any such transfer, notice of any extraordinary payment or transfer of funds from the Indenture;

(xv) in a timely manner, at the request of a GSE, any data or information required by a GSE for use in calculating performance under the Federal Housing Finance

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and are enforceable obligations of the Issuer and that interest payable on such Program Bonds is exempt from federal income taxation under Section 103 of the Code.

Pursuant to the provisions of the Act, Bond Counsel and Co-Bond Counsel are of the opinion that the Program Bonds and the interest thereon are exempt from all State and local taxes in Louisiana.

ABSENCE OF LITIGATION

There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body where service of process has been effected on the Issuer or, to the knowledge of the Issuer, threatened against or affecting the Issuer or, to its knowledge, any basis therefor, where an unfavorable in decision, ruling or finding would adversely affect the transactions contemplated by this Official Statement, the validity or enforceability of the Program Bonds, the Indenture, the Origination Agreements, the Servicing Agreement, the Continuing Disclosure Agreement or any agreement or instrument to which the Issuer is a party and which is used or contemplated for use in the transactions contemplated by this Official Statement.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incident to the authorization, issuance, sale and delivery of the Program Bonds will be passed upon by Foley & Judell, L.L.P., New Orleans, Louisiana, Bond Counsel, and The Godfrey Firm, PLC, New Orleans, Louisiana, Co-Bond Counsel, on the date of the issuance of the Program Bonds. Certain legal matters in connection with the issuance of the Program Bonds will be passed upon for the Special Advisor by the Breazeale, Sachse & Wilson, L.L.P., Baton Rouge, Louisiana, and the Law Offices of Bernard L. Charbonnet, Jr., New Orleans, Louisiana.

SPECIAL ADVISOR

The Special Advisor will be paid a Fee in the amount of \$25,000 in connection with the placement of the Program Bonds.

FINANCIAL ADVISOR

CSG Advisors Incorporated and Government Consultants of Louisiana, Inc. serve as independent co-financial advisors to the Issuer (collectively, the "Financial Advisors"). The Financial Advisors have not been engaged, nor have they undertaken, to independently verify the accuracy of information contained in the Official Statement. Neither of the Financial Advisors is a public accounting firm and neither has been engaged by the Issuer to compile, review, examine or audit any information in the Official Statement in accordance with generally accepted accounting standards.

RATING

Moody's Investors Service, Inc. has assigned the Program Bonds a rating of "Aaa." Such rating reflects only the view of the rating agency at the time such rating was issued, and an

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explanation of the significance of such rating may be obtained from Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Telephone (212) 553-0300. There is no assurance that the rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price or value of the Program Bonds and could result in the redemption of all of the Program Bonds if such downgrade or withdrawal occurs prior to the Release Date for the Program Bonds.

ADDITIONAL INFORMATION

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or owners of any of the Program Bonds.

[Remainder of text left intentionally blank]

APPENDIX A

DEFINITIONS OF CERTAIN TERMS

Set forth below are definitions of certain terms used in this Official Statement, which definitions are generally used in the Indenture. The definitions of such terms are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms.

"Acquisition Account" means the Account by that name established within the Program Fund pursuant to the Indenture.

"Act" means the Louisiana Housing Finance Agency Act contained in Chapter 3-A of Title 40 of the Louisiana Revised Statutes of 1950, as amended, comprising R.S. 40:600.1 through R.S. 40:600.25.

"Authorized Officer" means, with respect to the Issuer, the Chairman, Vice Chairman, President, Secretary and any other officer or employee of the Issuer authorized by resolution of the Issuer to perform the act or sign the document in question.

"Bond Counsel" means the firm of bond attorneys whose opinion is set forth on the Bonds, or their successors appointed by the Issuer. In the event that the firm of bond attorneys whose opinion is set forth on the Bonds resigns or is removed by the Issuer and the Issuer has not appointed its successor, then the term "Bond Counsel" shall mean a firm of nationally recognized attorneys at law, approved by the Issuer and experienced in the financing of mortgage loans through the issuance of tax-exempt mortgage revenue bonds under the provisions of Section 143 of the Code and any other applicable provisions of the Code.

"Bondholder," "Bondowner" or "Owner" or "owner" or any similar terms (when used with respect to Bonds) mean the registered owner of any Outstanding Bond or Bonds.

"Bonds" means, collectively, the Market Bonds and the Program Bonds.

"Business Day" means any day other than (i) a Saturday or Sunday or (ii) a day on which banking institutions in New York, New York or Baton Rouge, Louisiana are authorized or obligated by law or executive order to be closed for business.

"Code" means the Internal Revenue Code of 1986, as amended, together with corresponding and applicable final, temporary or proposed regulations and revenue rulings issued or amended with respect thereto by the United States Treasury Department or Internal Revenue Service, to the extent applicable to the Bonds or the First Mortgage Loans.

"Conventional First Mortgage Loan" means a first mortgage loan originated in accordance with either the Fannie Mae Guides or the Freddie Mac Guide and other than a loan (i) insured by the Federal Housing Administration (FHA) or (ii) guaranteed originated by the Veterans Administration (VA) that is pooled under a Fannie Mae Security or Freddie Mac Security.

The execution and delivery of this Official Statement have been duly authorized by the Issuer.

LOUISIANA HOUSING FINANCE AGENCY

By: /s/ Allison A. Jones
Allison A. Jones, Vice Chairman

"Fannie Mae Security" means a Fannie Mae Security which is a single pool, guaranteed mortgage pass through Fannie Mae mortgage backed security, issued by Fannie Mae in book entry form, recorded in the name of Trustee or its nominee, guaranteed as to timely payment of principal and interest by Fannie Mae and backed by Conventional First Mortgage Loans in the related Fannie Mae Pool.

"FHA" means the Federal Housing Administration of the United States Department of Housing and Urban Development, or other agency or instrumentality created or chartered by the United States of America to which the powers of the Federal Housing Administration have been transferred.

"FHA Insured" means insured under FHA Insurance.

"First Mortgage Loans" means the GNMA Securities, Fannie Mae Securities and/or Freddie Mac Securities, in each case backed by pools of qualifying mortgage loans purchased with a portion of the proceeds of the Program Bonds and the Market Bonds.

"Fiscal Year" or "fiscal year" means each twelve month period beginning July 1 of each calendar year.

"Freddie Mac" means the Federal Home Loan Mortgage Corporation.

"Freddie Mac Security" means a mortgage participation certificate issued by Freddie Mac, and representing an undivided interest in a pool of Conventional First Mortgage Loans, registered or recorded in book entry form in the name of the Trustee or its nominee, guaranteed as to timely payment of principal and interest by Freddie Mac.

"GNMA" means the Governmental National Mortgage Association, a wholly-owned corporate instrumentality of the United States within the Department of Housing and Urban Development, or any successor to its functions. Its powers are prescribed generally by Title III of the National Housing Act, as amended (12 U.S.C. 1716, *et seq.* and any successor to its functions).

"GNMA Security" means GNMA Security which is a certificate issued by a Servicer, registered in the name of Trustee and guaranteed by GNMA pursuant to GNMA's GNMA I or II mortgage backed securities program under Section 306(g) and other related provisions of the National Housing Act of 1934, as amended, and based on and backed by mortgage loans as provided in the GNMA Guide.

"GNMA Guide" means the GNMA I Mortgage-Backed Security Guide or the GNMA II Mortgage-Backed Security Guide, as applicable, as amended from time to time.

"Issuer" means the Louisiana Housing Finance Agency, a public body corporate and politic of the State constituting a governmental instrumentality, or any body, issuer or instrumentality which will hereafter succeed to the powers, duties and functions of the Issuer.

"Market Bonds" means the \$80,000,000 Louisiana Housing Finance Agency GSE Market Single Family Mortgage Revenue Bonds (Mortgage-Backed Securities Program).

"**National Housing Act**" means the National Housing Act of 1937, as amended, 12 U.S.C. § 1716 et seq.

"**Outstanding**" or "**Bonds Outstanding**" means all Program Bonds which have been authenticated and delivered by the Trustee under the Indenture, except:

- (a) Program Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;
- (b) Program Bonds for the payment or redemption of which have been provided pursuant to the provisions of the Indenture; and
- (c) Bonds in lieu of which other Bonds have been authenticated under the Indenture.

"**Owner**" means the registered owner of any Outstanding Bond or Bonds as shown on the registration books kept by the Trustee.

"**Paying Agent**" means the Trustee, acting as paying agent, or any other bank, trust company or national banking association designated or appointed pursuant to the provisions of the Indenture to act as a paying agent for the Bonds, and each successor or successors and any other bank, trust company or national banking association at any time substituted in its place pursuant to the Indenture.

"**Permanent Rate Term Sheet**" means the term sheet to be provided on or before the Release Date establishing the terms of the GSE Market Bonds and supplementing, if necessary, the terms of the GSE Program Bonds that are no longer secured by the GSE Escrow Fund and the terms and conditions under which the Securities will be purchased by the Trustee, all in accordance with the Appendix.

"**Prepayments**" means any principal payments received on any Securities other than regularly scheduled principal payments thereon.

"**Program**" means the Issuer's program of financing home ownership for qualified borrowers with the proceeds of the Program Bonds.

"**Program Bonds**" means the \$120,000,000 Louisiana Housing Finance Agency GSE Program Single Family Mortgage Revenue Bonds (Mortgage-Backed Securities Program).

"**Rating Agency**" means Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc. and/or Moody's Investors Service, Inc., to the extent that either such rating agency has assigned a rating to any Bonds Outstanding as requested by or on behalf of the Issuer, and which rating is then currently in effect, or any successor(s) to their respective functions.

"**Record Date**" means the fifteenth (15th) day of each month immediately preceding each Interest Payment Date.

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST

The following is a summary of certain provisions of the Indenture. For a description of certain provisions of the Indenture relating to the Program Bonds, see "**THE PROGRAM BONDS**" in this Official Statement.

Mutilated, Lost, Stolen or Destroyed Bonds

In the event any Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Trustee may authenticate a new Bond of like series, date, maturity and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Issuer, and, in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Issuer and the Trustee evidence of such loss, theft or destruction satisfactory to the Issuer and the Trustee, together with any indemnity satisfactory to them. Further, in the case of a past due or a matured, lost, stolen or destroyed Bond, the Trustee shall pay the face amount of such past due or matured Bond upon delivery to the Issuer and the Trustee of evidence of such loss, theft or destruction satisfactory to the Trustee and the Issuer together with any indemnity satisfactory to them. The Issuer and the Trustee may charge the registered owner of such Bond their reasonable fees, expenses, any tax or other governmental charge required to be paid in this connection.

Registration and Exchange of Bonds; Persons Treated as Owners

(a) The Issuer shall cause books for the registration and for the transfer of the Program Bonds as provided in the Indenture to be kept by the Trustee which is hereby constituted and appointed the bond registrar of the Issuer. At reasonable times and under reasonable regulations established by the Trustee, said list may be inspected and copied by the Issuer.

(b) Upon surrender for transfer of any Program Bond at such office, the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Program Bond or Program Bonds of authorized denomination of the same series and maturity for the aggregate principal amount which the registered owner is entitled to receive. Program Bonds to be exchanged shall be surrendered at the principal corporate trust office of the Trustee and the Trustee shall authenticate and deliver in exchange therefor the Program Bond or Program Bonds which the Bondholder making the exchange shall be entitled to receive. All Program Bonds delivered in exchange shall be so dated that neither gain nor loss in interest shall result from the transfer or exchange.

(c) All Program Bonds presented for transfer, exchange, registration, discharge from registration, redemption or payment (if so required by the Issuer or the Trustee) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Trustee, duly executed by the registered owner or by his duly authorized attorney.

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"**Residential Housing Unit**" means real property and the improvements situated thereon or an interest therein upon which is located or is to be constructed or located a work or structure with a permanent foundation to which it is permanently fixed, designed and to be used as a residence for a maximum of one family, including, without limitation, a condominium and a Planned Unit Development, each unit of which is designed and to be used as a residence for a maximum of one family (i) which is determined by qualified appraisal to have an expected useful life of not less than thirty (30) years, (ii) which will be occupied by the Mortgagor as his or her principal residence within a reasonable time (not to exceed sixty (60) days) after financing is provided, and (iii) the land appurtenant to which reasonable maintains the basic livability of the residence and does not provide, other than incidentally, a source of income to Mortgagor, including child care services on a regular basis of compensation. A Residential Housing Unit does not include rental houses, vacation homes or factory-made housing and mobile homes that are not permanently affixed to real property and not deemed real property under the laws of the State.

"**Securities**" or "**MBS**" means, collectively, the GNMA Securities, the Fannie Mae Securities and the Freddie Mac Securities.

"**Securities Depository**" means The Depository Trust Company or any other securities depository selected by the Issuer which agrees to follow the procedures required to be followed by a securities depository in connection with a Series of Bonds as provided in a Series Supplement.

"**State**" means the State of Louisiana.

"**Trust Estate**" means the property, rights, moneys, securities and other amounts pledged and assigned to the Trustee pursuant to the GRANTING CLAUSES of the Indenture.

"**Trustee**" means Hancock Bank of Louisiana, appointed pursuant to the Indenture to act as trustee under the Indenture, and its successor or successors and any other bank or trust company at any time substituted in its place pursuant to the Indenture, including any Series Supplement.

"**VA**" means the Veterans Administration, an agency of the United States of America, or any successors to its functions.

"**VA Guaranteed**" means guaranteed by the VA under the Serviceman's Readjustment Act of 1994, as amended.

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(d) Neither the Issuer nor the Trustee shall be required (i) to transfer or exchange Program Bonds for a period of fifteen (15) calendar days next preceding an Interest Payment Date on the Program Bonds or a period of fifteen (15) calendar days next preceding any selection of Program Bonds to be redeemed or thereafter until after the first mailing of any notice of redemption or (ii) to transfer or exchange any Program Bonds previously called for redemption.

(e) New Program Bonds delivered upon any transfer or exchange shall be valid obligations of the Issuer, evidencing the same debt as the Program Bonds surrendered, shall be secured by the Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Program Bonds surrendered.

(f) The person in whose name any registered Program Bond is registered may be deemed the registered owner thereof by the Issuer and the Trustee, and any notice to the contrary shall not be binding upon the Issuer or the Trustee.

Destruction of Program Bonds

Whenever any outstanding Program Bond shall be delivered to the Trustee for cancellation pursuant to the Indenture, upon payment of the principal amount or interest represented thereby or for replacement pursuant to the provisions of the Indenture or transfer or exchange pursuant to the provisions of the Indenture, such Program Bond shall be canceled and destroyed by the Trustee and counterparts of a certificate of destruction evidencing such destruction shall be furnished by the Trustee to the Issuer.

Nonpresentation of Program Bonds

In the event any Program Bond shall not be presented for payment when the principal or payment amount thereof becomes due, either at the stated maturity or otherwise or at the date fixed for redemption thereof, if money sufficient to pay such Program Bond shall have been deposited with the Trustee, all liability of the Issuer to the owner thereof for the payment of such Program Bond shall forthwith cease, terminate, and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such money, without liability for interest thereon to the Issuer, any Bondholder, or any other Person for the benefit of the owner of such Bond who shall thereafter be restricted exclusively to such money, for any claim of whatever nature on his or her part under this Indenture or on, or with respect to, said Bond.

Any money so deposited with and held by the Trustee not so applied to the payment of Program Bonds shall be applied in accordance with the unclaimed property laws of the State.

Cancellation

All Program Bonds which have been redeemed, paid or retired or received by the Trustee for exchange shall not be reissued but shall be canceled and destroyed by the Trustee.

Payment of Principal and Interest

(a) The Issuer covenants that it will promptly pay the principal of and interest on every Program Bond issued under the Indenture at the place, on the dates and in the manner

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provided in the Indenture and in said Program Bonds according to the true intent and meaning thereof, provided that the principal and interest with respect to the Program Bonds are payable by the Issuer solely from the Trust Estate.

(b) The Issuer further covenants that, except with respect to the Issuer Contribution, at no time that the Program Bonds are outstanding will it commingle any of its moneys (from whatever source) with the Trust Estate.

Performance of Covenants; Authority

The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture, in any and every Program Bond executed, authenticated and delivered under the Indenture and in all of its proceedings pertaining thereto. The Issuer covenants that it is duly authorized under the Constitution and laws of the State, including particularly the Act, to issue the Program Bonds authorized under the Indenture and to execute the Indenture, to purchase, or cause to be purchased the Securities, to pledge the amounts pledged under the Indenture in the manner and to the extent set forth in the Indenture; that all action on its part for the issuance of the Program Bonds and the execution and delivery of the Indenture has been duly and effectively taken, and that the Program Bonds in the hands of the registered owners thereof are and will be valid and enforceable, limited and special obligations of the Issuer according to the terms thereof and under the Indenture.

Discharge of Lien of Indenture

If the Issuer will pay or cause to be paid, or there will otherwise be paid, to the Owners of the Bonds then Outstanding, the principal or Redemption Price, if any, and interest to become due thereon at the times and in the manner stipulated therein and in the Indenture, and to the Trustee all Trustee's Fees then the pledge made by the Indenture and all other obligations of the Issuer to the Bondowners will be discharged and satisfied and the Trustee, upon request of the Issuer and subject to a lien in favor of the Trustee, will pay over to the Issuer all money or securities held under the Indenture not required for payment or redemption of Bonds that were not surrendered for payment or redemption. The Bonds will be deemed paid under the terms of the Indenture upon the satisfaction of certain conditions set forth in the Indenture.

Defaults; Events of Default

If any of the following events occur, subject to the notice and cure provisions set forth in the Indenture, it is defined as and declared to be and to constitute an "event of default":

- (a) Default by the Issuer in the due and punctual payment of any interest on any Bond;
- (b) Default by the Issuer in the due and punctual payment of the principal of any Senior Bond, whether at the stated maturity thereof or when called for redemption; or
- (c) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Issuer contained in the Indenture or in the

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method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Rights and Remedies of Owners

No registered owner of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust of the Indenture or for the appointment of a receiver or any other remedy under the Indenture, unless (1) a default has occurred of which the Trustee has been notified as provided in the provisions of the Indenture relating to the Trustee's acceptance of the trusts created by the Indenture, (2) such default shall have become an event of default and the registered owners of not less than a majority of the aggregate principal amount of the Bonds Outstanding shall have made written notice to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in their own name or names, (3) they have offered to the Trustee indemnity as provided in the Indenture, and (4) the Trustee shall thereafter fail or refuse to exercise the powers granted in the Indenture, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy under the Indenture; it being understood and intended that no one or more registered owners of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture by its, his or their action or to enforce any right under the Indenture except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Indenture and for the equal and ratable benefit of the owners of all Bonds then Outstanding. However, nothing contained in the Indenture shall affect or impair the right of any Bondholders to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of and interest on each of the Bonds issued under the Indenture to the respective owners thereof at the time, place, from the source and in the manner in the Bonds expressed.

Supplemental Indentures

Except as provided below, the Issuer and the Trustee may, without the consent of the Owners of the Market Bonds, but only upon written notification of such supplemental indenture to the rating agencies if the Bonds are then rated, enter into indentures, supplemental to the Indenture, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in the Indenture so long as such cure does not adversely affect the security of the Bondholders;
- (b) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to

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Bonds, and failure to remedy the same after notice thereof pursuant to the provisions of the Indenture.

Remedies; Rights of Bondholders

(a) Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the Bonds, including enforcement of any rights of the Issuer under the Servicing Agreement; provided, that, the Trustee shall not accelerate payment of principal and interest on the Bonds upon a default described in (c) under the caption "Defaults; Events of Default" above except upon approval of the owners of 100% in principal amount of the Outstanding Bonds.

(b) If an Event of Default shall have occurred and, if requested so to do by the owners of not less than a majority in aggregate principal amount of the Outstanding Bonds and, if indemnified as provided in the Indenture, the Trustee shall exercise such of the rights and powers conferred by the Indenture as the Bondholders making such request shall direct.

(c) During the continuation of an Event of Default, the Trustee may, and upon the written request of the owners of 100% in aggregate principal amount of the Outstanding Bonds and if indemnified as provided in the Indenture shall, declare the principal of all Outstanding Bonds and interest accrued thereon immediately due and payable, and the same shall thereupon become and be due and payable and interest shall no longer accrue thereon. Notwithstanding the foregoing, no such declaration shall be made following an Event of Default described in (c) under the caption "Defaults; Events of Default" above unless at the time of such declaration, the Trustee holds sufficient funds to pay all principal or redemption price of and interest on all Outstanding Bonds plus any fees and expenses that will be due and owing upon such declaration.

(d) No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bondholders under the Indenture or now or hereafter existing at law or in equity or by statute.

(e) No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein; and every such right and power may be exercised from time to time as often as may be deemed in the best interest of the Bondholders.

(f) No waiver of any default or Event of Default under the Indenture, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Right of Bondholders To Direct Proceedings

Anything in the Indenture to the contrary notwithstanding, the registered owners of a majority in aggregate principal amount of Bonds Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the

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or conferred upon the Bondholders or the Trustee, or to make any change which, in the judgment of the Trustee, is not to the prejudice of the Bondholders;

(c) to make any changes which, in the judgment of the Trustee, is not materially adverse to the interest of the Bondholders;

(d) to subject to the Indenture additional revenues, properties or collateral;

(e) to modify, amend or supplement the Indenture or any bond indenture supplemental to the Indenture in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States of America, and, if they so determine, to add to the Indenture or any bond indenture supplemental to the Indenture such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute;

(f) to evidence the appointment of a separate or Co-Trustee or the succession of a new Trustee or paying agent under the Indenture;

(g) to make any modification required in order to obtain, achieve or maintain the rating on the Bonds;

(h) as determined by Bond Counsel to be desirable in order to establish and preserve the excludability from gross income of interest on the Bonds from federal income taxation on and after the Release Date; or

(i) to provide for the details of the Market Bonds on and after the Release Date.

Supplemental Indentures Effective with Consent of Owners

Subject to the requirements of the Appendix, exclusive of certain supplemental indentures covered under Supplemental Indentures above and subject to the terms and provisions contained in this paragraph, and not otherwise, the registered owners of not less than 66-2/3% of the aggregate principal amount of Bonds Outstanding shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental to the Indenture as shall be deemed necessary and desirable by the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture; provided, however, that nothing under this caption shall be construed as permitting, without the consent of the owners of all Bonds Outstanding, (a) an extension of the maturity or any redemption date of the principal of or the interest on any Bond issued under the Indenture, or (b) a reduction in the principal amount of any Bond or the rate of interest, or redemption requirements thereon, or (c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (d) a reduction in the aggregate principal

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amount of the Bonds required for consent to such supplemental indenture, or (e) the creation of any lien other than a lien ratably securing all of the Bonds at any time outstanding under the Indenture, or (f) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee (but such modification shall not be made without the written consent of the Trustee). Copies of any such amendments or supplements shall be furnished to the Rating Agency.

Resignation or Removal of Trustee; Successor Trustee

Subject to the requirements of the Appendix, the Trustee and any successor Trustee may at any time resign from the trusts under the Indenture by giving 30 days' written notice by registered or certified mail to the Issuer and by first-class mail (postage prepaid) to the registered owner of each Bond and such resignation shall take effect upon the appointment of a successor Trustee, as provided in the Indenture and acceptance of such appointment by each successor by the Bondholders or by the Issuer.

Subject to the requirements of Article IV of the Appendix, in case the Trustee under the Indenture shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting under the Indenture, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the owners of a majority in aggregate principal amount of the Bonds Outstanding, by an instrument or concurrent instruments in writing signed by such registered owners, or by their attorneys in fact, duly authorized and a copy of which shall be delivered personally or sent by registered mail to the Issuer. Nevertheless, in case of such vacancy, the Issuer by resolution and upon written notice to the Program Administrator, the Rating Agency and each Servicer may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondholders in the manner above provided; and any such temporary Trustee so appointed by the Issuer shall immediately and without further act be superseded by the Trustee so appointed by such Bondholders. If a successor Trustee does not take office within thirty (30) days after the retiring Trustee resigns, the retiring Trustee may petition any court of competent jurisdiction for the appointment of as successor Trustee. Notice of the appointment of a successor Trustee shall be given in the manner provided in the Indenture with respect to the resignation of a Trustee. Every such Trustee appointed pursuant to the provisions of the Indenture shall be a trust company or bank in good standing having a reported capital and surplus of not less than \$50,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Compensation and Expenses of Trustee

To secure the payment of the Trustee's Fee, the Trustee shall have a lien on all money or property held or collected by the Trustee under the Indenture, excluding money on deposit or to be deposited to the Rebate Fund, the GSE Escrow Fund and excluding amounts held by the Trustee for the payment of particular Bonds to be redeemed. The Trustee's right to payment of its fees and expenses shall survive the Trustee's resignation or removal and final payment or defeasance of the Bonds. Notwithstanding any provision to the contrary in the Indenture, the lien of the Trustee on the Trust Estate for fees and expenses shall be subordinate to the debt

service on the Bonds except in the event of a default in the due and punctual payment of the principal of and interest on the Bonds.

Responsibilities of Trustee

The Trustee is required to provide the Issuer, with certain reports pursuant to the Indenture. Except as specifically required by the Indenture, the Trustee shall be under no obligation to perform any act which would involve it in expenses or liability or to initiate or defend any suit, or to advance any of its own funds, unless properly indemnified. The Trustee shall not be liable in connection with the performance of its duties under the Indenture except for its own negligence or willful misconduct.

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APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL AND CO-BOND COUNSEL

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December 23, 2009

Honorable Board of Commissioners
Louisiana Housing Finance Agency
Baton Rouge, Louisiana

§ _____
LOUISIANA HOUSING FINANCE AGENCY
GSE PROGRAM SINGLE FAMILY MORTGAGE REVENUE BONDS
(MORTGAGE-BACKED SECURITIES PROGRAM)

Ladies and Gentlemen:

We have acted as bond counsel to the Louisiana Housing Finance Agency (the "Agency"), a public body corporate and politic constituting a political subdivision and instrumentality of the State of Louisiana (the "State") created by Act 707 of the 1980 Louisiana Legislature which enacted the Louisiana Housing Finance Act, contained in Chapter 3-A of Title 40 of the Louisiana Revised Statutes of 1950, as amended (the "Act"), in connection with the authorization and issuance by the Agency of § _____ Louisiana Housing Finance Agency GSE Program Single Family Mortgage Revenue Bonds (Mortgage-Backed Securities Program) (the "Program Bonds").

The Program Bonds have been issued by the Agency pursuant to (i) the Act and other constitutional and statutory authority, (ii) an Indenture of Trust dated as of December 1, 2009 (the "Trust Indenture"), by and between the Agency and Hancock Bank of Louisiana, as trustee (the "Trustee"), as amended by the Supplemental Indenture Appendix for Use with Single Family Escrow Bonds for the HFA Initiative New Issue Bond Program (the "Appendix",

together with said Trust Indenture, the "Indenture"), and (iii) resolutions adopted by the Board of Commissioners of the Agency.

Capitalized terms used herein which are not otherwise defined have the meanings ascribed thereto in the Indenture.

The Program Bonds are registered bonds, without coupons, in authorized denominations of \$5,000 or any integral multiple thereof (the "Authorized Denominations"). The Program Bonds shall initially be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, as one fully registered Bond in the aggregate principal amount of the Program Bonds. On the Release Date of all or a portion of the Program Bonds, the Trustee may either accept a replacement bond certificate or make an appropriate notation thereon of the principal amount of such Program Bond certificate and the Permanent Rate defined below to which such Bonds have been converted and the Conversion Date applicable thereto. On or prior to a Release Date, the Issuer shall deliver to the Trustee in accordance with the Conversion Requirements specified in the Indenture, among other items, an opinion of Bond Counsel dated the Release Date to the effect that the applicable Program Bonds have been duly and validly issued and enforceable obligations of the Issuer and that interest payable on such Program Bonds is exempt from federal income taxation under Section 103 of the Internal Revenue Code of 1986, as amended.

Upon delivery, the proceeds of the Program Bonds and a Shortfall Amount (together, the "Escrowed Proceeds") will be deposited into the GSE Escrow Fund created and established pursuant to the Indenture. The Program Bonds are subject to conversion from a Short-Term Rate to a Permanent Rate. Prior to Conversion, the Program Bonds shall constitute Pre-Conversion Bonds. Pre-Conversion Bonds prior to their Release Date are secured solely by the Escrow Proceeds deposited to the GSE Escrow Fund and bear interest at the applicable Short Term Rate until their Conversion Date and thereafter will bear interest at the Permanent Rate. The Escrowed Proceeds are pledged exclusively to the payment of the Pre-Conversion Bonds prior to the Release Date applicable to such Program Bonds.

The Program Bonds will initially be dated December 21, 2009, and will bear interest from December 23, 2009 (the "Settlement Date"), and will bear interest from the Settlement Date at the Short-Term Rate, payable on the (i) Release Date but only with respect to the portion of Pre-Conversion Bond proceeds with respect to which subject Escrowed Proceeds are subject to release on such Release Date, (ii) each Conversion Date with respect to the portion of Pre-Conversion Bonds which are to become, as of such date, Converted Bonds and (iii) each redemption date. Interest Payment Dates for each Converted Bond will be the first Business Day of each month. The Program Bonds are subject to redemption prior to maturity on the terms described in the Indenture.

We have examined (i) the Constitution and statutes of the State, including the Act, (ii) a certified transcript of the proceedings of the Agency in connection with the issuance of the Program Bonds, (iii) executed counterparts of the Indenture and (iv) such other documents, instruments, papers and matters of law as we have considered necessary or appropriate for the purposes of this opinion.

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On the basis of the foregoing examinations, we are of the opinion as of the date hereof and under existing law that:

(1) The Agency is a duly created and validly existing public body corporate and politic constituting a political subdivision and instrumentality of the State with full power and authority to issue the Program Bonds.

(2) The Indenture has been duly authorized, executed and delivered by the Agency and creates a valid pledge and assignment of the Escrowed Proceeds to Pre-Conversion Bonds prior to the Release Date applicable to such Pre-Conversion Bonds.

(3) The Program Bonds have been duly authorized, executed and delivered and constitute valid and binding limited and special obligations of the Agency as provided in the Indenture. The Program Bonds do not constitute an obligation, either general or special, of the State, any municipality or any other political subdivision of the State or constitute or give rise to a pecuniary liability of the State, any municipality or any other political subdivision of the State. The Agency does not have the power to pledge the general credit or taxing power of the State, any municipality nor any other political subdivision of the State.

(4) Prior to the Release Date, interest on Pre-Conversion Bonds will be subject to federal income taxation until the Release Date applicable to such Pre-Conversion Bonds.

(5) Under the Act, the Program Bonds and the interest thereon are exempt from all State and local taxes in Louisiana.

We have relied on the opinion of Jacob S. Capraro, Counsel to the Trustee, with respect to the corporate power of the Trustee to enter into and the due authorization, execution and delivery by the Trustee of the document described above to which it is a party and the binding effect thereof on the Trustee.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on or disposition of the Program Bonds. No opinion is expressed with respect to the Pre-Conversion Bonds on and after the Release Date applicable to such Pre-Conversion Bonds.

The foregoing opinion is qualified to the extent that the rights of the owners of the Program Bonds and the enforceability of the Program Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of the sovereign police powers of the State, or its governmental bodies, and the exercise of judicial discretion in appropriate cases.

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For the purposes of this opinion, our services as bond counsel have not extended beyond the examinations and expressions of the conclusions referred to above.

Respectfully submitted,

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE CONTINUING DISCLOSURE AGREEMENT

Definitions

"Annual Bond Disclosure Report" shall mean any Annual Bond Disclosure Report provided by the Issuer pursuant to, and as described in, the Disclosure Agreement.

"Continuing Disclosure Agreement" shall mean the Continuing Disclosure Agreement dated as of December 1, 2009, by and between the Issuer and the Trustee.

"Dissemination Agent" shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

"EMMA" shall mean the internet-based portal referred to as the Electronic Municipal Market Access system operated by the Municipal Securities Rulemaking Board. The online address of EMMA is www.emma.msrb.org.

"Listed Events" shall mean any of the events listed below under "Reporting of Significant Events."

"Repository" shall mean EMMA and each State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Depository" shall mean any public or private repository or entity designated by the State of Louisiana as a state depository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of the Continuing Disclosure Agreement, there is no State Depository.

Provision of Annual Bond Disclosure Reports

The Issuer shall provide, or shall cause the Dissemination Agent to provide, not later than six months after the end of the Issuer's fiscal year (which currently ends June 30), commencing with the report following the fiscal year ending June 30, 2010, to each Repository an Annual Bond Disclosure Report which is consistent with the requirements of the Continuing Disclosure Agreement.

If the Trustee is unable to verify that an Annual Bond Disclosure Report has been provided to Repositories by the date specified in the preceding paragraph, the Trustee shall promptly send a notice to EMMA, the Municipal Securities Rulemaking Board and to the State Repository, if any, stating that such Annual Bond Disclosure Report has not been timely

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completed and, if known, stating the date by which the Trustee anticipates such Annual Bond Disclosure Report will be filed.

Content of Annual Bond Disclosure Reports

Each Annual Bond Disclosure Report of the Issuer shall contain or incorporate by reference the following:

1. The audited financial statements for the Issuer for the most recently ended fiscal year, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer.
2. Tables setting forth the following information, as of the end of such fiscal year:
 - (a) For each maturity of the Bonds, the interest rate, original aggregate principal amount and principal amount remaining Outstanding.
 - (b) During the acquisition period for Securities, the principal amount of First Mortgage Loans expected to be financed, the total principal amount of First Mortgage Loans approved, the total principal amount of First Mortgage Loans purchased, and the unreserved amount. This information will not be provided after the acquisition period.
 - (c) The amounts credited to the Acquisition Account of the Program Fund, the Revenue Account of the Revenue Fund, the Debt Service Account of the Debt Service Fund, the Sinking Fund Installment Account of the Debt Service Fund, the Accumulation Account of the Accumulation Fund, and the Redemption Account of the Redemption Fund.
 - (d) The aggregate principal amount of each type (i.e., GNMA, Fannie Mae or Freddie Mac) of Guaranteed Mortgage Security purchased, the aggregate principal balance of each type of Guaranteed Mortgage Security remaining outstanding, and the aggregate principal balance of Guaranteed Mortgage Securities at each pass-through rate remaining outstanding.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

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Reporting of Significant Events

Any of the following events shall be considered a Listed Event:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.⁽¹⁾
4. Unscheduled draws on credit enhancements reflecting financial difficulties.⁽¹⁾
5. Substitution of credit or liquidity providers, or their failure to perform.⁽¹⁾
4. Adverse tax opinions or events adversely affecting the tax-exempt status of the Bonds.
5. Modifications to rights of Bondholders.
6. Bond calls.
7. Defeasances.
8. Release, substitution, or sale of property securing repayment of the security.
9. Rating changes.
10. Failure to provide any Annual Bond Disclosure Report when due.

Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, it shall determine if such event would constitute material information to the holders or beneficial owners of the Bonds. If the Issuer determines that knowledge of the event would be material, it shall promptly notify the Trustee in writing and shall timely file a notice of such occurrence with EMMA, the Municipal Securities Rulemaking Board and the State Repository, if any.

Termination of Reporting Obligation

The Issuer's obligations under the Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

⁽¹⁾ Not Applicable.

Dissemination Agent

The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Continuing Disclosure Agreement, and may discharge any such agent, with or without appoint a successor Dissemination Agent. The initial Dissemination Agent shall be the Trustee.

Amendment; Waiver

The Issuer and the Trustee may amend the Continuing Disclosure Agreement (and the Trustee shall not unreasonably withhold its consent to any amendment so requested by the Issuer), and any provision of the Continuing Disclosure Agreement may be waived, only upon satisfaction of the applicable provisions of the Continuing Disclosure Agreement.

Additional Information

Nothing in the Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in the Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Bond Disclosure Report or notice of occurrence of a Listed Event, in addition to that which is required by the Continuing Disclosure Agreement. If the Issuer chooses to include any information in any Annual Bond Disclosure Report or notice of occurrence of a Listed Event in addition to that which is specifically required by the Continuing Disclosure Agreement, the Issuer shall have no obligation under the Continuing Disclosure Agreement to update such information or include it in any future Annual Bond Disclosure Report or notice of occurrence of a Listed Event.

Default

In the event of a failure of the Issuer or the Trustee to comply with any provision of the Continuing Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Bonds, and upon receiving adequate indemnity against costs and expenses, shall), or any holder or beneficial owner may, take such actions as may be necessary and appropriate to cause the Issuer or the Trustee, as the case may be, to comply with such actions as may be necessary and appropriate to cause the Issuer or the Trustee with its obligations under the Continuing Disclosure Agreement. A default under the Continuing Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under the Continuing Disclosure Agreement in the event of any failure of the Issuer or the Trustee to comply with the Continuing Disclosure Agreement shall be an action to compel performance.

Beneficiaries

The Continuing Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, the Dissemination Agent and the holders or beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.